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'BLATANT' U.S. SALT, ABM VIOLATIONS CITED

PM171611 Moscow PRAVDA in Russian 18 Jun 86 First Edition p 4

[I. Nikolayev article: "Irresponsible Policy"]

[Text] Following President Reagan's 27 May statement on the de facto U.S. refusal to observe in the future the obligations stemming from the Soviet-American legal treaty documents on the limitation of strategic offensive weapons, no doubt at all remains that the present U.S. Administration has taken a course of eliminating the last real obstacles in the way of an unrestrained arms race, primarily in the sphere of mass destruction weapons. We are talking about the 1972 Interim Agreement and the 1979 SALT II Treaty, which prevent the U.S. leadership from embarking on a new round of the arms race and extending it into space -- which would threaten mankind with what are essentially irreversible consequences.

The 31 May Soviet Government statement has already given a principled assessment of these U.S. Government actions. One ought, however, to pay particular attention to one fact. As a justification for its irresponsible policy, U.S. diplomacy makes unsubstantiated references to some "violations" of the aforementioned legal treaty documents by the Soviet side. The Soviet side has already and repeatedly provided detailed and specific explanations of the alleged violations of these treaties, convincingly refuting these accusations as totally groundless. There is no need to turn back to this here.

There is, however, another aspect to this question. While accusing the Soviet Union of nonobservance of SALT II obligations, the Americans have themselves repeatedly given highly serious grounds for doubt regarding their observance of the obligation undertaken by the United States to adhere to the SALT II provisions, the accords reached under the 1972 Interim Agreement, and -- and this is equally dangerous for peace -- the most important provisions of the ABM Treaty of unlimited duration. The U.S. behavior cannot be described other than as a crude violation by the U.S. side of obligations it has undertaken, as irresponsible and extremely dangerous actions shaking the very foundations of the process of limiting the arms race.

U.S. Actions Contrary to the SALT II Treaty and the 1972 Interim Agreement:

By deploying Pershing-2 ballistic missiles and long-range cruise missiles in West Europe, the United States is acting contrary to Article XII of the SALT II Treaty which prohibits the circumvention of its provisions in any manner.

In the course of the talks, the sides agreed that circumvention means any action leading to a disruption of the strategic balance established by the treaty. The Pershing-2 and cruise missiles being deployed in Europe and capable of reaching Soviet territory are strategic weapons with respect to the Soviet Union, and the potential of these weapons is in no way inferior to that of ICBM's, SLBM's, or ALCM's defined by the sides as strategic weapons. Building up an additional strategic potential in evasion of the strategic balance established by the SALT II Treaty, the United States is in direct breach of the treaty by carrying out an action prohibited by its Article XII.

Work whose nature makes it possible to assume that an ICBM launch silo is being constructed there is being carried out at the Warren missile base in the United States. A special cover has been set up over the work site, preventing Soviet national technical means from observing the work. This provides sufficient grounds for asserting that at the Warren base, the American side is violating the provisions prohibiting the construction of additional stationary ICBM launchers and the disguising of work being carried out.

The American side followed the practice of using covers over launch silos back in the seventies, in defiance of the Interim Agreement. At that time, the United States concealed the nature of the reequipping of Minuteman-2 ICBM launch silos. After being reequipped, they hardly differ in any way from Minuteman-3 launchers. This, according to all the rules of military logic, indicated that the United States had prepared them to house precisely Minuteman-3's as MIRV'D missiles.

The United States does not wish to be tied down in any way on procedural issues either. Thus, in dismantling the Titan-2 silo launchers, it is simply ignoring the compulsory procedures elaborated by the sides to ensure monitoring of observance of the treaty's provisions. It is clear that this in no way promotes confidence in the fulfillment of the pledges adopted by the United States.

U.S. Actions at Variance with the 1972 ABM Treaty:

The ABM Treaty of unlimited duration, signed by the U.S. president and ratified by Congress, obliges both sides not to deploy ABM systems for a defense of their national territories and not to create a base for such a defense. The ABM Treaty is undoubtedly the most important of the treaty bases on which all existing strategic arms limitations rest. Of course, without limitations on the ABM systems which constitute its substance, it is no use even thinking of any real measures aimed at limiting strategic offensive arms.

Even if we do not dwell on the declarative U.S. intentions to renounce the ABM Treaty in the near future, there are considerable grounds for describing certain actions already taken by the United States as direct and blatant violations of the ABM Treaty by the American side. In addition, there are grounds for assuming that the United States is already taking steps directed against this treaty.

Thus, the U.S. Administration proclaimed and adopted the SDI program, whose chief aim is the creation [sozdaniye] of an ABM defense of U.S. national territory with prohibited space-based elements. This aim is directly opposed to the chief substance of the ABM Treaty -- the prohibition of an ABM defense of a country's national territory and also, in particular, of space-based components. Tens of billions of dollars have been allocated to work on implementing these programs. A number of Western states are involved in implementing them internationally. A number of large-scale experiments have already been conducted, and they undoubtedly go beyond what might still be termed "research work," which, as the Americans understand it, is "not prohibited by the treaty." Thus, violations, of a number of basic provisions of the ABM Treaty in the course of implementing the American SDI program are quite obvious.

Against a background of loud talk about the supposed creation in the USSR of radar stations intended for territorial ABM systems, the United States itself for some years now has been deploying, both on its territory and abroad, large radar stations of the "Pave Paws" type with parameters virtually indistinguishable from those of ABM radar stations. Such stations are deployed both the Atlantic and Pacific coasts of America and are quite capable of serving as the basis for the creation of ABM defense for the whole of U.S. territory. The creation of the large phased array radar station at Thule (Greenland) may be cited as an instance of a U.S. breach of the ABM Treaty. This construction is being carried out contrary to the provision of the ABM Treaty, which permits the deployment of a radar station of this type only on the periphery of a country's national territory. The construction of a similar radar station is also planned in the Fylingdales region in England.

Despite repeated Soviet representations to the U.S. side in connection with the deployment of the aforementioned radar stations, the latter has taken no measures capable of allaying concern, nor is it dismantling the Thule radar station, whose deployment can only be termed a violation of the ABM Treaty. When speaking about those U.S. actions in breach of the ABM Treaty, mention must also be made of the tests of MIRV'D warheads intended for ABM missiles, the creation of ABM radar stations, and the tests of an ABM missile created on the basis of ICBM's.

The list of U.S. violations of agreements on the limitation of strategic offensive armaments and the ABM Treaty could go on. But the examples that have been cited are sufficient to draw a clear and simple conclusion. The U.S. actions aimed against those treaties are neither coincidental nor uncoordinated and isolated. They adequately reflect the entire U.S. aggressive militarist policy based on the illusory pursuit of unilateral strategic advantages and represent a futile attempt to ensure America's own security and stability at the expense of others by means of an unrestrained arms race. Such a policy threatens unpredictable consequences for all mankind.

CHERNYSHEV VIEWS USSR INTERIM PROPOSAL

LD171421 Moscow TASS International Service in Russian 1305 GMT 17 Jun 86

[Commentary by Vladimir Chernysev, TASS military affairs observer]

[Text] Moscow, 17 Jun (TASS) -- The alarming international situation insistently dictates that the existing mechanisms of bilateral and multilateral talks on limitation and reduction of weapons and on disarmament must work effectively, and not be employed as a screen for justifying an arms race. The Budapest conference of the Warsaw Pact Political Consultative Committee called upon other countries to unify efforts aimed at ending the arms race on earth and preventing one in space. Named among the urgent tasks was that of achieving specific accords at the Soviet-U.S. talks on nuclear and space weapons in Geneva.

How then do matters stand at those talks? Unfortunately, the U.S. side has no desire at all to manifest serious willingness to embark on a practical resolution of the principal problems of eliminating the nuclear threat. Washington has not made a constructive revision of its proposals on strategic weapons presented last November, directed toward gaining unilateral advantages for the United States. It is blocking a resolution on eliminating nuclear weapons in Europe by referring to the stance of Britain and France, and by demanding a weakening in the USSR's defenses on the eastern borders while the U.S. is continuing to create and deploy more and more new nuclear weapons and making intensive preparations for the militarization of space.

In a conversation with the editors of provincial newspapers and television and radio companies the other day, the head of the White House stated directly: "We are now carrying out a program of modernizing our forces...we have no intention of renouncing this program...the moment is approaching when we will have to go beyond the framework envisaged by SALT II in order to continue this modernization." Do such statements and practice by official Washington accord with the declarative statements by U.S. Administration spokesmen on their alleged interest in reducing nuclear arsenals? Obviously not.

It is not without reason that the U.S. mass information media class all this as "a plan to win the arms race" and come to the conclusion that there is a continuing lack of confidence regarding the United States in matters relating to arms control. This is due to the fact that the administration does not demonstrate a serious approach to these problems. Senator J. Biden gave a frank description of the situation that has come about: "In the U.S. Administration, control over arms policy is in the hands of those who have for many years tried to mess up the entire structure of arms limitation." Such a policy leads to the world, in the graphic expression of THE LOS ANGELES TIMES, finding itself at a sinister crossroads of uncertainty.

It is quite clear that in such circumstances, the Soviet Union was faced with the question of whether to continue to stay at a standstill in the Geneva negotiations -- squabbling with the United States, which suits the Americans very well -- or to seek new approaches that will allow the way to be cleared toward cutting nuclear armaments? Without doubt, this is an important and serious question. The USSR has already gone too great a part of the way in its striving to create conditions for drawing up constructive accords, while the United States has simply not budged from its ossified position. There is, however, an awareness in the USSR of very high responsibility toward the peoples and mankind for the destiny of peace in our nuclear and space era. It is for this reason that, guided by the aspiration to bring about a radical turnaround for the better in the present difficult situation, the decision was taken to continue firmly to adhere to the policy of practical search for a mutually-acceptable agreement in Geneva.

On 11 June the USSR delegation at Geneva introduced an interim variant of a solution to problems connected with the non-militarization of space and with reducing strategic weapons. It was proposed to reach an accord between the USSR and the United States on staying within the ABM treaty for at least 15 years, and to restrict work in the field of SDI to the level of laboratory research, that is, the threshold which the United States has in practice already reached.

In the field of stratetic offensive weapons, the USSR of course would prefer to agree immediately on a radical, 50 percent reduction in all such weapons of the Soviet Union and of the United States capable of reaching each other's territory. But it is ready now, as an interim measure, to go as far as limiting, to equal levels, intercontinental ballistic missiles, submarine-launched ballistic missiles and heavy bombers, that is, those components of strategic offensive forces which in the United States it is customary to call the "strategic triad." The question of intermediate-range weapons capable of reaching the other side, including land-based cruise missiles, would thereby be tackled separately.

The new proposals of the USSR again demonstrate the Soviet Union's aspiration to guarantee the achievement of a mutually acceptable accord, to bar the way to the nuclear arms race, and as quickly as possible to move on to their mutual reductions -- moreover, deep reductions, as has already been calculated by the WASHINGTON POST. Acceptance of the variant proposed by the Soviet Union would mean reducing strategic nuclear weapons by approximately one-third, as an interim measure on the road to still more significant reductions.

Time will show how these proposals will be perceived by the U.S. leadership. But it should even now be clear in Washington that if it ignores the Soviet initiatives this time too, it will become obvious that the present U.S. administration is playing an unserious game on a most serious issue, on which the future of mankind depends.

KARPOV SAID TO HEAD NEW FOREIGN MINISTRY SECTION

AU171255 Paris AFP in English 1243 GMT 17 Jun 86

[Excerpt] Geneva, June 17 (AFP) -- Victor Karpov, 58, chief Soviet delegate at the superpower nuclear and space arms talks here, is to head a new Soviet Foreign Ministry section on "arms reduction and disarmament," a Soviet source said Tuesday.

The section would handle all current negotiations, covering both long-range strategic and medium-range missiles, and the U.S. Strategic Defence Initiative -- "Star Wars" -- space defence project, the source added.

The Soviet ministry also apparently envisaged setting up a section to handle "nuclear and space cooperation," the source said.

It was not know if Mr. Karpov, an affable disarmament veteran, would leave Geneva. But it seemed possible he would continue to lead the Soviet negotiating team here.

DRA REBEL LEADERS' WASHINGTON VISIT VIEWED

LD172037 Moscow TASS International Service in Russian 1335 GMT 17 Jun 86

["Terrorists at the White House -- TASS item identifier]

[Text] Moscow, 17 Jun (TASS) -- TASS Political Observer Askold Biryukov writes:

The U.S. press agencies have reported that U.S. President Reagan has had a meeting in the White House with a group of Afghan counterrevolutionaries headed by the not unknown Burhaniddin Rabbani. "The American people are on your side," the President told them. "Your aim is the freedom of Afghanistan, and that is also our aim. We will not desert you."

Encouraged by such a warm address, the ringleader of the dushman gangs rampaging in Democratic Afghanistan "complained" to the U.S. President about the insufficiency of "effective weapons." He also requested "official, diplomatic recognition for the opposition forces" and, to judge by what was said by a White House representative, encountered understanding on this matter. As White House Assistant Press Secretary Speakes declared, "The President has indicated that the question of recognition is important, and we shall continue to discuss it.... As concerns weapons, the United States always promised to support the efforts of the Afghan freedomfighters."

So we have seen yet another meeting between the head of the U.S. Administration and a ringleader of the terrorists who are wreaking banditry and terror on DRA territory. It is one more confirmation of the fact that in Washington, where they speak more loudly than others about the need for a resolute struggle against international terrorism, they are ready to meet with any criminal as long as he is their protege.

There can be little doubt that it was known in Washington with whom they were dealing. The figure of "Professor" Rabbani is sufficiently well known there. He is a real and indeed a major criminal whose hands are stained with the blood of many people and who should have been tried long ago in accordance with all international laws. He has notched up numerous murders and acts of sabotage in Afghanistan, including the poisoning of the pupils of the Kabul Lycee, the destruction with the help of U.S. weapons of a civilian aircraft of the Afghan airline with 52 passengers on board, the destruction of mosques and madrasas, as well as other crimes.

At one time, Rabbani owned big estates in the provinces of Kabul and Badakhshan, cruelly exploiting the labor of the Afghan peasants. He also grew fat on the trade in Western Europe of the famous Afghan rugs, and in the U.S. of karakul. Having run away from his country after the revolution, he led the terrorist organization "Jamilat-e Eslami Afghanistan" (The Islamic Society of Afghanistan). At the beginning of 1980 he declared his intention to create by the end of February of that year a "provisional government" of Afghanistan. In the same month THE WASHINGTON POST wrote that the U.S. Government considered Rabbani as one of the candidates for the role of leader of Afghanistan and head of the government in exile.

So Mr Speakes was very modest, and laid aside the question of Washington's "diplomatic recognition" of its latest foreign creature. Indeed, the creation of such creatures, puppet "governments," and the regimes of their paid mercenaries in other countries is virtually the main component of the policy of neoglobalism and support for "anticommunist freedomfighters" everywhere in the world that has been proclaimed by the current administration.

And this is the interesting thing: Rabbani is not only a terrorist ringleader, but also a major smuggler, trading in whatever his bandits can amass by robbery during raids into Afghanistan, specifically, in emeralds and lazurite extracted in Badakhshan Province and in the Anjsher valley. Nor does this "professor" balk at speculation in narcotics. I do not know if the U.S. President, who is boosting the struggle against drug addiction, is familiar with a recent report in the San Francisco CHRONICLE. Referring to the U.S. Drug Enforcement Agency, it wrote that the "Afghan rebels" (to whose aims the U.S. President swears allegiance) and the drug smugglers are "the very same people."

There was also another of Speakes utterances to press representatives -- this confirmed the fact that of direct U.S. interference in the internal affairs of the DRA. Having stressed in his replies to questions the importance of keeping open the U.S. Embassy in Kabul, despite the undeclared war against Afghanistan that the U.S. is extending virtually into an open war, he admitted that, it turns out, this institution is not engaged in what it is supposed to be engaged in, but in the organization of espionage and subversion against the DRA which has been frequently reported, and is incompatible with international standards. The embassy, stated Speakes, plays a role in our efforts to give assistance to the resistance movement.

Thus, elevating terrorism to the rank of state policy, the leaders of the U.S. have found themselves in the same boat as international terrorists. One can hardly be astonished then, that they also have common aims.

B-52 BOMBERS FLY 'VERY CLOSE' TO USSR AIRSPACE

LD181026 Moscow TASS in English 0913 GMT 18 Jun 86

[Text] Moscow June 18 TASS -- "Seven strategic bombers 'B-52' and five tanker aircraft of the U.S. Air Force which took off from the Mather Base in California, flew along the Canadian coast, over the Bering Strait and came very close to the air space of the USSR", KRASNAYA ZVEZDA wrote today. "Then they flew over Alaska and staged mock bombing over the territory of Canada and the U.S.".

"According to a spokesman of the U.S. Strategic Air Force Command, this sinister raid is part of the large-scale military exercise codenamed "Global Shield-86" which has been going on for a week already on the territory of the U.S. and a number of other countries."

"The military exercise turned into a provocative dress rehearsal of a nuclear aggression, into a global militaristic provocation", the newspaper emphasized. "The Pentagon states point-blank that the purpose of 'Global Shield-86' was to check the preparedness of the U.S. strategic forces for a nuclear war. Besides, the raid of 'B-52' strategic bombers showed that the point to be checked was the preparedness for delivering the first strike".

"These adventuristic actions of Pentagon strategists fall in line with the overall military-political course of the U.S. Administration which continues to evaluate the present-day world situation from the point of view of the arms race and militaristic blackmail. Washington still refuses to realise that in this way it is undermining the security not only of the whole world, but also of the U.S. itself".

BURLATSKIY EXAMINES PRC ECONOMIC REFORMS

PM160931 Moscow LITERATURNAYA GAZETA in Russian 11 Jun 86 p 14

[Political Observer Fedor Burlatskiy article: "Conversations About Economic Reforms in China" -- first three paragraphs printed in italics]

[Text] Most members of our group, representing the Soviet-Chinese Friendship Society, had already visited China before. All of us -- both veterans and novices -- awaited our encounters with the great country with equal emotion. Encounters with its past, stretching into the mist of the millennia, and also with its present, a period when the country seems to have woken from a bad dream and boldly headed forward into its future. I was particularly interested in the reforms in China.

As the reader will notice, I have compiled my article on the basis of conversations we had with our hospitable hosts. Our discussions on questions of China's development were held at the most diverse levels, starting at cooperatives and ending with university professors and major state leaders. I wanted to share this abundant information with the reader. It seems to me that we are now interested mostly in facts and the interpretation given to them in China.

The economic reforms affecting the management system, and the production relations, and each worker in this country with its billion-strong population, are a complex, multifaceted, and highly contradictory process. Time is needed -- and a considerable amount of time, at that -- to test in practice the new forms of economic life. Time is needed to fully evaluate the results that have been produced, both positive and negative. I would like, therefore, to reserve my judgment -- we will still have many more occasions for that in the future.

In the Countryside

We conversed with Zhao Maomei. She is the head of a village situated in central China, not far from the district city of Jiangcheng and only 2 km away from the mighty Yangzi River. Zhao is 38 years old. She has been working as village head for 4 years. Before that she was a team leader at a pig farm. Short-cropped hair, a decisive look in her eyes, articulate speech, and perfect knowledge of village life -- all this makes her an experienced leader with a broad outlook and firm will.

"Our village consists of 320 families totaling 1,107 persons," the village head told us. "But we have only 790 mu of arable land (1 mu equals 0.06 hectares). Moreover, the fields are not flat, there are many hills and rocks. We have had to do much work to level the ground, construct an irrigation system, and apply fertilizers. This ensured a considerable growth of harvest yields. Previously we used to harvest 200-300 jin (1 jin equals 0.5 kg) of wheat and rice from 1 mu, but now we harvest 1,600 jin. An important role was played by the transition to the system of link responsibility."

"We have heard that family contracts have been introduced almost everywhere in China. Why did you opt for the link contract?"

"This method proved more effective under our conditions, insofar as the cooperative owns a considerable quantity of equipment which would be more difficult to use under family contract conditions. Every family's income has approximately doubled over the last 6 years."

In parallel with crop farming, the cooperative's members also work in rural industrial enterprises and in trade.

During the years of the reform, the gross output of all sectors of the economy increased from 13 to 49 million yuan. The village has a school where education is free. Futhermore, the cooperative sends its teenagers to higher education establishments, granting them annual loans of 1,000 yuan on condition that they return to work in the cooperative after graduation. The cooperative provides pensions for women from the age of 55 and for men from the age of 60. The pensions are not large -- 45 yuan, or 75 percent of the final salary for workers. The village has its own House of Culture and Home for invalids and the Elderly. There has been widespread construction of individual homes recently. In addition to that, a water supply station, a hotel, and some other facilities have been constructed to meet communal needs.

We also visited another village in the same district. The cooperative chairman, a lean man wearing European-style clothes and sneakers, told us ~~that~~ peasants in this village work on family contracts. About one-third of the output is sold to the state at fixed prices, another one-third is processed locally in the village, and the remaining one-third is processed locally in the village, and the remaining one-third is consumed.

Here they also have s shortage of arable land. The cooperative has 836 mu of land. This is insufficent to occupy 758 able-bodied peasants. This is why the cooperative is widely developing small-scale industrial production. They operate small factories for the production of wire, screws, synthetic fibers, and bricks, a weaving factory, and a dying workshop. We visited workers' hostels, large storage facilities, a cafeteria, a restaurant, a garage, and movie theater. All these smallish enterprises develop on the basis of local funds and are founded on the cooperative principle. The workers' average wage is 150 yuan.

The population lives in large 2-story homes, although this is not typical of other villages in the country. Each block houses 3-4 families. The aparments are on two stories. The 4-member family which we visited occupies an area of 150 square meters (including auxiliary areas). The home has no piped water, toilet, or heating.

In Shanghai University

We discussed the problems of the modern Chinese countryside at greater depth and in more detail during a meeting with a group of professors in Shanghai University. Taking part in the meeting were economists, philosophers, and other specialists, and also representatives of this major center of education and science in the PRC.

"Following the 'Cultural Revolution' which inflicted colossal damage on China's development, our country faced some extremely difficult problems," our hosts said. "They include the rapid growth of the population, which has reached 800 million in the countryside alone. They include the shortage of arable land -- before the revolution we had approximately 2.7 mu per capita, and only 1.5 mu per capita now. They also include official and unofficial unemployment in the countryside, low productivity of peasants' labor, lack of interest in its results, and an almost exclusive orientation toward primitive crop farming. Radical changes of production relations in the countryside became necessary."

"What is the nature of the basic changes?"

"First and foremost -- transaction to contractual responsibility. Contracts within the framework of the family, cooperative, rural industrial enterprise, or trade association. Second -- orientation toward diversified agricultural production, and also expansion of stock raising, vegetable growing, and industrial corps. Third -- fast growth of small and medium industrial production in the countryside.

And finally -- and this process is only just beginning -- utilization of modern scientific achievements, particularly in the sphere of horticulture and fertilizers."

"What results have been produced by the introduction of these innovations on a countrywide scale?"

"In 1984 China harvested 407 million metric tons of grain, more than any other country in the world. Meanwhile, 5 years ago China's harvest yield was 318 million metric tons. China has attained a leading position in the world in terms of grain crop harvest yields. It gathers 2.5 metric tons of wheat and 4.8 metric tons of rice per hectare."

"To what are these significant successes attributable?"

"To the industriousness of peasants, who are now interested more than ever before in the results of their labor. We started by raising the procurement prices for agricultural produce, taking measures for agricultural specialization, and expanding the opportunities for the domestic market. This, coupled with the family form of responsibility and with production specialization, ensured the fast growth of harvest yields. Almost all foodstuffs are now produced on the basis of family contracts. In the south, every family cultivates three harvests a year. Cotton harvest yields have tripled. Wheat production has more than doubled. But the proportion of manual labor in crop farming stands at 80 percent. The work is done mainly by women using hoes and sickles, without even draft animals."

"What effect has the boosting of output had on peasants' incomes?"

"In the last 5 years peasants' incomes have increased more than in the preceding 20 years, and have doubled on average. The per capita income in China as a whole now ranges between 122 and 470 dollars, with an average of 300 dollars per annum. We estimate that by the end of the century this figure will have risen to 800 dollars."

"And what is the state of affairs regarding social differentiation in the countryside? It must have increased considerably as a result of the use of family contracts?"

"Yes, indeed, this problem does exist. But we have no reasons to overdramatize it. We are regulating the growth of incomes by means of progressive taxation. For the time being, we are more concerned with the problem of overcoming poverty in the countryside, even though we have already achieved much. Even now, however, the country has at least 9 million families officially classified as poor.

"As regards those who could be classified as rich peasants, they represent approximately 11-13 percent. Their successes are the result of their own labor, economic initiative, and application of scientific achievements. You have seen for yourselves the construction boom in our countryside. The clay huts with straw roofs are increasingly replaced by new brick houses with tiled roofs. The peasants are investing their money in electrical appliances and television sets. Many families have not one but several bicycles. We believe that, under the state's wise policy, the middle peasants will rise to the level of the rich, while the poor will rise to the middle level."

"Nevertheless, how are family contracts reconciled with the cooperative? Do they not lead to the gradual development of a Western-style agricultural farm?"

"We are convinced, and this is confirmed by experience, that the contractual system of peasants' households has done away with wage leveling. Not only did it not destroy the cooperatives but, on the contrary, it consolidated them. The cooperatives have not become impoverished in this period, they have increased their assets and have better equipment than before. The point is that the family contract exists within the framework of the cooperative, which distributes the means of production among families, ensures the planned sale of output to the state, helps the peasants sell their surplus, and disseminates the scientific methods of economic management."

At Enterprises

While in the city of Wuxi, we visited a plant producing radio-electronic articles. This state institution under local jurisdiction was built about 30 years ago. It employs more than 2,800 persons, including 415 engineering and technical staff. Each year the plant produces 50,000 tape recorders, 3,000 radio receivers, and about 2 million mechanisms for tape recorders.

Output growth increased by 70-75 percent in 1980-1984. Annual profit growth was 120 percent; labor productivity increased 8.5 times and profits 22.5 times. The Wuxi plant is a front-ranking enterprise, and it was rewarded with a silver medal in an all-China competition.

We had a conversation with the plant's leadership.

"How did your enterprise manage to achieve such successes in so short a time?"

"Everything boils down to the economic reform we launched a few years ago. First, with help from the local authorities, we formed a joint stock company with the participation of 39 enterprises in 14 cities with a total of 15,600 workers and employees. These enterprises work on the basis of economic production sharing. It was indeed thanks to production sharing and integrated financing that we managed to achieve these successes."

"And what are the main features of the transformations effected in your plant in the last few years?"

"Previously, the main role was played by the directive plan. Now we still have a plan, but it is a guide plan rather than a directive. It includes just a few indicators and is based on the utilization of market regulations. Our plant not only operates as a producer but also engages in trade through its own stores and through cooperative and private stores, and this makes it possible to react constantly to market conditions. We have established active ties with the outside world, importing advanced technology. It was indeed thanks to this that we organized the production of tape transport mechanisms. It is also thanks to this that we renew our output every year. Whereas back in 1980 we were producing the most basic tape recorders, followed by single-track stero tape recorders in 1983, now, since 1984 we have been producing twin-cassette tape recorders of average and even superior quality."

"What changes have occurred in the plant's management?"

"The main change involved the transition to the system of directorial responsibility. The right to decide all basic issues is vested with the director. We are implementing a vertical contract -- from the director to the worker -- as a supplement to the horizontal contract at the level of all enterprises belonging to the corporation."

"What is the meaning of directorial contract?"

"This means that the director contracts on behalf of the entire plant. He signs contracts with superior management organs which lay down indicators like volume of production, quality, prime costs, profits, labor safety, and so on. The director's salary and his bonuses depend on the fulfillment of these indicators. In their own turn, shop foremen sign similar contracts with the director, and the team leaders with the shop foremen."

"And what is the growth of workers' wages?"

"Workers' incomes have increased by 60 percent in a few years, while the annual growth of gross output stands at 80 percent."

Concept of Global Reform

The main event for me was the meeting with Li Qixian, senior official from the State Council's Economic Reform Committee [committee title as published]. The adviser, a coarse-featured man pushing 60 years of age, was dressed -- in contrast with all other people with whom we spoke -- in the traditional jacket worn by cadre personnel (the "Sun Yat-sen suit"). Taking part in the conversation were Hong Yu, Wang Yongjian, and other scientists from the Chinese Academy of Social Sciences and other scientific institutions.

"Our reform," Li Qixian said, "reflects China's specific conditions. The practice of the last 30 years has proved the correctness of the fundamental principles of the socialist system. There were, however, numerous irrational elements in the past, primarily the excessively centralized economic system. It was necessary to curb the centralization which is inevitable under socialism, to develop planning, and at the same time to grant extensive rights to enterprises and make full use of the market factor. So far, only 1 year has passed since we started implementing a radical reform in the city. At least 5 years will be required to complete its implementation."

"What are the economic results of reforms and what are the prospects for the future?"

"During the Sixth 5-Year Plan period the growth of gross industrial agricultural output was 11 percent (12 percent in industry and 8.1 percent in agriculture). In the next, the Seventh 5-Year Plan period, it is estimated that the gross output of industrial and agricultural production will increase by 38 percent and the gross national product by 44 percent. A 6.7 percent average annual growth is planned for the gross output by industry and agriculture.

"Over a 5-year period, or longer, we expect in the main to lay the foundations of a new socialist economic model with specific Chinese featues."

"What kind of econoic model? What are its specific features?"

"First and foremost, the expansion of the independence of enterprises right to the point of their transformation into independent producers. This does not apply to all enterprises. Conditions are not identical everywhere. But the leading enterprises must bear the responsibility for their own profits or losses. We have formed a separate group consisting of profitable enterprises which are able to compete. The main point, however, is to change the system of distribution relations and relations between enterprises. Previously, the entire profit was in fact expropriated by the state and, at the same time, it compensated enterprises for all their losses. Now we are shifting to a system of taxation relations, with a considerable proportion of the profits being left to the enterprises."

"What is the role played by the state plan?"

"It guides the work of enterprises and associations. This is directly linked with the second element of the reform -- the changes in planning methods. The most important commodities which are in short supply, like steel, copper, and cement, will be distributed by the state like before, even though a certain proportion of them is already available on the market. For example, we distribute centrally 80 percent of steel, but only 20 percent of cement. The ultimate aim is that all materials, including the ones in short supply (with the exception, of course, of the military industry sphere), will be distributed via the market."

"At what stage is the reform in industry at present?"

"The reform now affects basically the medium and small enterprises, which are introducing a system of responsibility in various forms. Furthermore, extensive rights have been given to provinces, districts, and cities. And probably the most important aspect is the fact that we have embarked on the transition from deductions from profits to tax collection. The tax at present is equal to approximately 50 percent of net profits. This means that the remainder of the profit stays with the enterprises which use it for technical reconstruction, wage increased, the building of housing and of children's and cultural institutions, and also as a bonus fund."

"What is the position occupied by private production? To judge by everything, it is also being developed in China?"

"Yes, we have decided to revive private production and have therefore allowed individual households to branch off into the services sphere, trade, and cottage industries. We have allowed the establishment of private cafeterias, tailoring workshops, and small trading units, and the entire trade network in our country is now being shaped in a new fashion. State trade is represented by large stores. Medium trade enterprises are owned by collectives on a share basis. Small trade is represented by cooperative, family, and individual forms."

"Will this decentralization in industrial management, coupled with the development of family contracts in the countryside, not lead to an erosion of the public forms of ownership?"

"We have firmly established that the socialized sector will continue to occupy a leading position in our economy. At present, the overwhelming bulk of the entire national product is produced by the socialized sector. The family contract does not affect the relations of ownership, since the land remains, like before, in the hands of collectives, and is allocated for only a limited period of time to use by individual peasant households. The fixed assets of production will remain in the hands of the state and of collectives. As far as private ownership is concerned, it is not developing as fast as it may seem. For example, 80 percent of retail trade is still carried out by state and collective enterprises. A firm commercial foundation has been laid for the socialized sector. Under these conditions, we need not be afraid of the development of individual enterprise, especially in the services sphere, trade, handicrafts, cottage industries, and small enterprises.

"The state rents small shops, dining rooms, and tea rooms to private operators. For example, 126 trading units were handed over to collective use on a share basis and 238 to individual use in Guangdong Province in 1984-1985. There has also been a significant growth in market trading, which was altogether banned prior to 1978. This province already had 6,300 markets operating in 1984. The volume of market trading accounted for about 20 percent of the total volume of trade in the province."

Social Problems

"What effect are the reforms that are being implemented having in the social sphere? Are you not afraid of growing incomes differentiation in the cities and exacerbation of social tensions?"

"Hitherto, we have been pleased with the results of reforms both in the countryside and in the cities. Compare the following figures: The living standards of China's population doubled between 1952 and 1980. They doubled again between 1979 and 1984. This is the real result of the reforms. Moreover, both maximum and minimum incomes have increased. Let me repeat, hiterto we have not encountered the problem of the rich growing richer and the poor growing poorer, because all distribution is exclusively according to labor. Just one more fact. Previously our cities had approximately 20 million unemployed. Now, thanks to the development of individual and cooperative forms, particularly in the service industry, we have managed to solve this problem. Now we have no more than 1 million persons looking for work.

"Interesting results have also been produced by the penetration of reforms into the sphere of medical services for the population. There has been considerable increase in the number of hospitals built with collective and private funds. We have allowed private practice, and now more than 80,000 doctors are engaged in it. In the country as a whole, 51 percent of rural medical services establishments are owned by collectives and groups, with 31.5 percent of clinics being run by private individuals. About 1,000 medical workers engaged in private practice have been registered in Beijing itself."

"Do these processes not lead to the growth of such dangerous phenomena as corruption, embezzlement,and others?"

"Such phenomena do indeed accompany the process of reform, and they are unavoidable. We know that this cannot be avoided even under the conditions of absolute domination by state ownership in these spheres. Particularly great difficulties developed, however, in connection with the 'open doors' policy."

"It is claimed in the West that, in order to implement the modernization plans, you will need at least $100 billion of foreign investment by the year 2000. Is this right?"

"We have no plans to attract foreign capital on such a scale. During the Sixth 5-Year Plan period, the PRC used foreign investment totaling $10.3 billion. You are aware of the 'open doors' policy for coastal and some other cities. This policy is already yielding positive results. But the future will depend not only on ourselves but also on the foreign companies and their interest in investing capital in our economy."

Some Questions of Theory

Finally, I would like to describe our conversations with scientists from the Chinese Academy of Social Sciences, which centered mainly on theoretical questions. We met Chen Ruiming, chief of section at the Academy, and Li Xinan, both of whom studied in the USSR and spoke Russian well. Their analysis and opinions supplemented the picture of economic transformations in China.

"What are the prospects of the reform? Is it possible to foresee now the social consequences it will bring? What type of society is it shaping?"

"Type of society? Here we speak of five socialist economic models: 1 -- 'war communism' in the USSR; 2 -- the Soviet economic system which developed in the thirties; 3 -- the system evolving in the USSR now under the influence of reforms; 4 -- the Hungarian model; and 5 -- the Yugoslav model.

"Previously we utilized an economic system which was closer to 'war communism' than to the Soviet system of the period between the thirties and fifties. Everything was decided in a single center. The economic system functioned like one gigantic enterprise. But it was proving less and less viable in terms of the assimilation of modern technology, and this had a particularly adverse effect on the pace of the growth of living standards."

"You know that we recognize the variety of paths to socialism, but we do not use the term: different models of socialist society. I would like to ask: Which socialist countries' experience is particularly close to you in the implementation of reforms?"

"Now every country seeks its own paths and solutions according to its own tasks and problems. Generally, and on the whole, our path is specifically Chinese. But we are interested in the Hungarian experience, particularly as regards the transition from directive to guidance planning. It would, of course, be incorrect to fully abandon planning, as Yugoslavia's experience has shown. We are interested in the USSR's experience in the management of capital construction. As regards the capitalist countries, the methods of cadre training and introduction of new technology are particularly significant for us. Several tens of thousands of Chinese students are undergoing training in Japan, the United States, and other countries, and we are inviting foreign specialists to our country."

"Quite a few new theoretical questions probably arose in connection with the reforms? And, of course, the key question about the nature of social ownership and the correlation between its various types under Chinese conditions."

"Yes, this is the main problem, and it is not very clear to us. We are now adhering to the following concept. Out of the three component elements of property rights -- ownership, use, and control -- the state, while remaining the owner, transfers at least two -- use and control -- into the hands of enterprises and collectives. On the basis of contract or lease."

"And last, about the new problems which accompany reforms. Quite a few of them probably?"

"Of course. And the most acute among them is the 'spiritual pollution.' Justified by the conditions of poverty and almost destitution for decades on end, the policy of enrichment often evolves into an unrestrained pursuit of riches. This is why economic crimes, including bribery, graft, speculation, smuggling, and shady deals, have now reached a scale that represents a record since the foundation of the PRC."

"And how are you combating this?"

"We are striving to develop and improve the entire sociopolitical and legal infrastructure; it must serve as a permanent shockabsorber in the implementation of economic reforms. We believe, however, that all these problems can ultimately be solved. They are accompanying the process of a dynamic growth in the activeness of our multimillion population."

In order to complete the picture, let us add that the report to the fourth session of the National People's Congress of the Sixth Convocation (25 March 1986) by PRC State Council Premier Zhao Ziyang spoke about imbalances in the rate of output growth, excessive growth of total social demand, price rises, irrational increase of the consumption fund, excessive growth of capital investment in fixed assets, and so on. These negative consequences are basically linked, in his words, with insufficient state control over economic development, which has led to "instability" and "strain" in economic development.

With this I would like to conclude my sketches about the complex and interesting processes of the implementation of economic reforms in China.

The reader may ask: So, what is the final judgment by the author of these notes?

I think that it would be useless to judge these new phenomena from the positions of that country's previous experience in development. The process of social transformations in China is, essentially, at its very beginning. The Chinese themselves describe it as "building socialism with specific Chinese features."

Let us show trust in their formula, and let the future put everything in its proper place.

JAPAN ENVOY SERVED PROTEST ON HISTORY BOOK

LD111001 Moscow TASS in English 0946 GMT 11 Jun 86

[Text] Beijing June 11 TASS -- The XINHUA news agency reports that the Japanese charge d'affaires in China was served a note of the Chinese Foreign Ministry concerning the latest edition of the history textbook for secondary school, recently approved by the Ministry of Education of Japan.

The note says that "historical facts were grossly distored in many sections" of the textbook. For instance, the war of aggression unleashed by Japan against China (1937-1945) is characterised in the textbook as a war the Japanese could not have avoided and "the truth about the massacre staged by Japanese troops in Nankin in 1937 is deliberately blurred." As for the "Pacific war," the authors of the textbook claim that it was launched to "liberate Asia" and "to establish a sphere of general prosperity of great East Asia under Japan's aegis."

The note of the Chinese Foreign Affairs Ministry says that in the joint Chinese-Japanese statement of the Japanese Government "expressed sentiments of deep self-castigation in its awareness of responsibility for the immense damage caused by Japan to the Chinese people in the past through war." The note also demands that "the erroneous contents of the textbook be rectified."

DPRK PROPOSES TALKS WITH U.S., S. KOREA

LD171704 Moscow TASS in English 1554 GMT 17 Jun 86

[Text] Pyongyang June 17 TASS -- The Democratic People's Republic of Korea proposed that talks be held with the United States and South Korea at the level of military leaders with a view to averting the threat of war in the Korean peninsula. An announcement of the Supreme Command of the Korean People's Army released here today says that the war preparations of the USA and South Korea, large-scale Team Spirit exercises and the plans to deploy new offensive weapons, including missiles and chemical agents, in the south of the country are posing an open threat to People's Korea and to Asian and world peace and causing the profound worry of the peoples of the world.

Military detente could help lessen tension, break the deadlock in dialogue between the North and the South and find a way to peace and the peaceful reunification of the country on the basis of mutual trust. To this end talks are proposed between O Chin-u, minister of the People's Armed Forces of the DPRK, South Korean Defense Minister Yi Ki-paek, and U.S. General William Livesey, commander of the U.N. force in South Korea who simultaneously heads the command of the joint American-South Korean Armed Forces.

Letters were today handed to U.S. and South Korean representatives in Panmunjom in which Defense Minister O Chin-u suggests that the agenda of the talks include the termination of military exercises and the arms race as the immediate cause of the aggravation of tension in Korea, reductions in the armed forces and armaments, and strict compliance with the truce agreement in Korea. The letters also voice the readiness to discuss the proposals of the American and south Korean sides on these problems.

The letters offer a preparatory meeting in Panmunjom in late June to pave the way for such talks and to open them at the same venue or in any other place of convenience to the negotiators in July. The letters call for a positive response to this new initiative of People's Korea for detente, the removal of the threat of war in the Korean peninsula and the acceleration of the peaceful reunification of the country.

BURLATSKIY ON SOVIET PRESS, JAPANESE TECHNOLOGY

OW130613 Tokyo NHK Television Network in Japanese 2250 GMT 12 Jun 86

[Interview with Fedor Burlatskiy, political observer of LITERATURNAYA GAZETA, by NHK newscaster Yoshinoria Imai on 12 June; place of interview not indicated -- recorded; interview conducted in Japanese and Russian with Russian fading into Japanese translation; following is from the Japanese version]

[Text] [Imai] Please let me begin my questions with the Chernobyl atomic power plant accident in the Soviet Union, which is curently of great interest to the Japanese people. There is a saying in Japan which goes, "An itch that you cannot scratch." It means to scratch the sole of your foot on the sole of your shoes when you feel an itch on the sole of your foot. Seeing news reports from the Soviet Union on the accident for the past 1 and 1/2 months, we cannot but have a similar feeling. We understand that the information is now being openly talked about in the Soviet Union. What is your comment from your viewpoint?

[Burlatskiy] An itch that you cannot scratch? That is a very vivid expression.

But I think that the problem does not lie in the openness or closedness of information. The problem, I think, lies rather in the fact that each country has different traditions and arrangements in conveying information. I think that the international system for providing information in cases like the latest accident is also a problem. Indeed, there were problems in the past involving how information was provided concerning dramatic developments at nuclear power plants and other places. Accidents occurred in other countries, too, although they were not as large in scale. At those times, how reporting should have been conducted was raised as a problem. Therefore, in the final analysis, it is necessary to establish a system of cooperation by countries in the area for providing information, I would say. During the 1 and 1/2 month period from the occurrence of the accident to date, the Soviet Union has provided adequate and wide-ranging information. Representatives from the IAEA -- the International Atomic Energy Agency -- visited the scene of the accident and went back after gathering all the necessary data. Foreign journalists also visited the area for news coverage, and General Secretary Gorbachev appeared on television to explain the incident in detail.

As you said, the problems of how quickly and completely information on nuclear power plant and other accidents should be disseminated and how countries having nuclear power plants should exchange information with one another smoothly are very important. In conclusion, the world should learn a lesson from this development with respect to how information should be disseminated. We, the Soviets, have learned a lesson this time.

[Imai] What attracted our attention while we were reporting information derived from the Soviet Union was the fact that PRAVDA sternly criticized the attitude of Moscow broadcasts in their reports.

[Burlatskiy] What you have mentioned reflects an important process which is now in progress in the whole of Soviet society. This process is now extending even to news media. What is necessary to news media are realism and truth -- but an unexaggerated truth. Somehow we have a tendency to praise accomplishments only and to avert mentioning problems or difficulties. However, we should present everything about truths. This fresh approach should apply to reporting on foreign countries as well.

Once I had a talk with an American journalist. I asked him if we were not commenting too excessively on our foreign policies only. Are we not commenting too much on what our state leaders say or what actions our countries carried out? Should we not write more about the life and culture of other countries, how ordinary people live, what problems they face, and things like that? I asked these questions of my counterpart.

Thus the PRAVDA article which you mentioned contains such criticism and appeal. What I want to point out here is that probably both our country and other countries should do so.

[Imai] Mr Burlatskiy, you once said that Japanese technological reform offers something for the Soviets to emulate. Now, after coming to Japan and making first-hand observations, do you think that productivity, quality improvement, and other trends at production sites in Japan will be of help to the Soviet economy?

[Burlatskiy] How Japanese businesses have utilized people, machinery, technology, and resources is a good guide for us. Also very interesting to us is the fact that Japan adroitly mixes most modern things with traditional things. Japan possesses a 21st century industrial civilization while it continues to set store by its national traditions. To us this is also an important and interesting area.

[Imai] Thank you very much.

PRAVDA REPORTS SHANKAR, SHEVARDNADZE ADDRESSES

PM171645 Moscow PRAVDA in Russian 16 Jun 86 First Edition p 4

[TASS report: "Ministers Meeting"]

[Text] E. A. Shevardnadze, member of the Politburo of the CPSU Central Committee and USSR minister of foreign affairs, had a meeting 14 June with P. Shiv Shankar, Indian minister of external affairs and commerce.

The ministers expressed satisfaction with the high level and dynamic nature of the development of bilateral relations on the solid foundation of the Treaty on Peace, Friendship, and Cooperation Between the USSR and India, whose 15th anniversary will be marked in August this year. They expressed themselves in favor of further deepening the manifold ties between the two countries and broadening their collaboration in the world arena.

The Indian minister's attention was drawn to the large-scale Soviet foreign policy initiatives whose implementation would lead to a genuine breakthrough in the development of the international situation, to mankind's liberation from the burden of nuclear and other types of mass destruction weapon, and to the creation of an all-embracing system of international security. These aims are also served by the program adopted at the recent Budapest conference of the Warsaw Pact states' Political Consultative Committee for the reduction of armed forces and conventional armaments in Europe. The Indian side gave a high evaluation of the Soviet peace initiatives.

P. Shiv Shankar particularly emphasized the importance, meaningfulness, and fruitful nature of his conversation with M.S. Gorbachev, general secretary of the CPSU Central Committee.

E. A. Shevardnadze noted the positive contribution made by India and the other members of the "Delhi Six" and also by the Nonaligned Movement to the common efforts to ensure peace and security on the planet.

P. Shiv Shankar stated India's firm allegiance to the cause of peace and progress, the peoples' independence, and states' equitable cooperation, and to the struggle for disarmament and to avert a nuclear catastrophe.

C.V. Ranganathan, India's interim charge d'affaires in the USSR, took part in the conversation, which was held in a warm and friendly atmosphere.

On the same day E.A. Shevardnadze gave a luncheon in P. Shiv Shankar's honor.

Addressing his guest, E.A. Shevardnadze said:

Mr Shiv Shankar's working visit to the Soviet Union is a brief one, but we have every reason for saying that our important guest has been with us for quite some time now. And not merely from the viewpoint that you, Mr Minister, have visited Moscow several times and know our country and our people well. For many years your noble activity as an eminent political and public figure in India has been imbued with a special devotion to the spiritual rapprochement of the Indian and Soviet peoples, and to our states' friendship and cooperation. The position of chairman of the Friends of the Soviet Union Society was entrusted to a true friend of our country who has led this society and worked within it at the command of his heart and his intellect.

The portfolio of minister of external affairs and commerce of a great power is too burdensome for it to be possible also to bear the weight of duties involved in leading so large a society of friends of our country. But we would like to express the confidence that in his responsible new position Mr Shiv Shankar will remain a friend of the Soviet Union. And I believe that it cannot be otherwise, because the friendliness of our countries and peoples naturally presupposes this.

Without fear of appearing immodest to you, respected colleague, I will say that I too -- and particularly following a visit to your beautiful country -- have long nurtured feelings of profound respect and understanding for it; I admire your remarkable people and I wish them prosperity and happiness.

We and you possess everything to promote in the most active manner the further strengthening of friendship and cooperation between the Soviet Union and India. The personal contacts which you and I have established today will undoubtedly serve this goal. I hope that you will be as constant, comprehensive, and fruitful as the personal contacts of our countries' leaders, CPSU Central Committee General Secretary M.S. Gorbachev and Republic of India Prime Minister Mr Rajiv Gandhi.

Having assumed the post of minister of external affairs a month ago, you have deemed it possible to number Moscow among your first visits. As I have already said, this visit is a short one in terms of duration, but in terms of content it is extremely rich. Mikhail Sergeyevich Gorbachev's meeting with you convinces me of this. This was, in terms of its significance, a very important meeting at which bilateral cooperation issues and current international problems were subjected to detailed examination.

I am sure that this day will make a new constructive contribution to the further development of Soviet-Indian cooperation and to strengthening our states' collaboration in the international arena in the interests of general peace and security.

Mankind is now living through an extremely dangerous period. And it is extremely important to break the unfavorable trends in the development of the international situation and halt the world's slide toward nuclear catastrophe.

As you know, the Soviet Union and the other socialist countries have recently submitted a whole series of proposals aimed at reversing the arms race and establishing peaceful cooperation among states with differing social systems. The other day the Budapest conference of the Warsaw Pact states' Political Consultative Committee produced yet another far-reaching initiative -- a program for a large-scale reduction of armed forces and conventional armaments in Europe.

The fact that the stances of the Soviet Union and India on the main issues of world politics are close or coincide cannot fail to evoke deep satisfaction.

We are encouraged and gladdened by your country's support for the Soviet peace initiatives, and by our states' growing collaboration in the solution of the most important problems of the day -- averting a nuclear catastrophe and strengthening general security. The Soviet Union and India are cooperating closely and productively at the global, regional, and bilateral levels.

In a couple of months we will be marking the 15th anniversary of the conclusion of the Treaty of Peace, Friendship, and Cooperation Between the Soviet Union and India.

The path trodden jointly by our countries since the signing of the treaty provides a convincing example of how fruitfully and extensively relations between states with differing social systems can develop if both sides display goodwill and actually take each other's interests into consideration.

Meetings of the two countries' leaders invariably give great impetus to the work of the entire mechanism of multifaceted Soviet-Indian cooperation. Each such meeting naturally becomes an event of great international resonance.

Speaking in reply, P. Shiv Shankar said:

This is my first visit to your beautiful country as minister of external affairs. The conversation I have had today with M.S. Gorbachev has been extremely fruitful. It took place in the traditional atmosphere of warmth and cordiality and represented yet another step forward in the context of the traditional exchange of opinions on questions of the international situation and other problems of mutual interest.

The relations between our countries go back many decades. These relations, imbued with sincerity and trust, are founded on a community of interests and a coincidence of views on the major world problems. They are directed toward the strengthening of peace throughout the world.

Exchanges of high-level visists are a traditional feature of our relations. Prime Minister Rajiv Gandhi's official visit to the Soviet Union in May 1985 and his stay in the USSR in October of last year were a significant event in our bilateral ties. And now we are impatiently awaiting the visit to our country by General Secretary of the CPSU Central Committee M.S. Gorbachev, who will be accorded a warm reception.

Our countries have also decided to hold in 1987-1988 an India festival in the Soviet Union, dedicated to the 40th anniversary of India's independence, and a Soviet Union festival in India dedicated to the 70th anniversary of the Great October Socialist Revolution. These festivals will be important landmarks in the development of the ties between our people.

The steady growth of the traditionally close and friendly ties between our countries gives us great satisfaction. We value highly our friendship and cooperation with the Soviet Union.

Today's complex and interdependent world is living through an extremely complex and difficult period. The continuing accumulation of nuclear arms poses a serious threat to mankind's very existence. India and the Nonaligned Movement as a whole have always consistently advocated general and complete disarmament in the immediate future. The vast resources spent on the arms race must be channeled into the achievement of the current tasks confronting the world -- the fight to eradicate poverty, hunger, disease, and backwardness.

Together with five other countries from different continents India has appealed for a halt to nuclear weapon tests and for the adoption of urgent measures to prevent an arms race in space. It was very pleasing for us to learn that the Soviet Union had responded positively to this appeal from world public opinion. The 15 January statement by CPSU Central Committee General Secretary M.S. Gorbachev was an extremely bold and timely manifestation of the very highest statesmanship. We very much hope that this year, which has been proclaimed International Peace Year by the United Nations, will see considerable progress achieved in the disarmament sphere.

Nor is the South Asian subcontinent free of tension. India is consistently taking steps to develop within the region good-neighborly relations on the basis of sovereign equality, mutual advantage, and noninterference in internal affairs. Only on this basis can countries be guaranteed joint prosperity and the full realization of the development potential available to them. Millions of people in our region can have a better tomorrow only in an atmosphere of mutual trust and cooperation.

The luncheon was held in a warm and friendly atmosphere.

DRA'S NAJIBULLAH ADDRESSES MILITARY INDUCTEES

LD131332 Moscow TASS in English 1046 GMT 13 Jun 86

[Text] Kabul June 13 TASS -- The general secretary of the Central Committee of the People's Democratic Party of Afghanistan, Najibullah, paid a visit to the central induction station in the capital where he met future soldiers of the Armed Forces of the Democratic Republic of Afghanistan. Speaking at a meeting, he told about the military political situation in the country and explained the foreign policy of the People's Democratic Party of Afghanistan aimed at settling its relations with neighbouring countries.

"International imperialsim," Najibullah said, "is waging undeclared war against our motherland through its mercenaries. The traitors of the Afghan people, armed and trained abroad, are sowing death and destruction on Afghanistan's soil. The main goal at the present stage is to crush counterrevolution, ensure peace and security in the country. Each Afghan must make every effort to ensure the final victory over the enemy.

USSR, DRA SIGN TV, RADIO COOPERATION PROTOCOL

LD131903 Moscow Television Service in Russian 1430 GMT 13 Jun 86

[Report on 13 June ceremony on signing of USSR-DRA cooperation protocol in Moscow -- from the "Vremya" newscast]

[Text] A protocol on cooperation in the years 1987-1988 between the USSR Gosteleradio [USSR State Committee for Television and Radio Broadcasting] and Afghan Television and Radio was signed in Moscow today. The further deepening of cooperation, including the expansion of exchanges of television and radio material about the most important events in the life of the USSR and Afghanistan and the joint production of programs, is envisaged.

The document was signed by: Comrade Aksenov, chairman of the USSR Gosteleradio, and Comrade Mas'ud, chairman of the State Committee of Afghanistan for Radio, Television, and Cinematography.

Comrade Mangal, Afghanistan's ambassador in the USSR, was present at the signing.

HONECKER, STOPH REELECTED TO GDR NATIONAL POSTS

LD161250 Moscow TASS in English 1232 GMT 16 Jun 86

[Text] Berlin June 16 TASS -- General Secretary of the Central Committee of the Socialist Unity Party of Germany Erich Honecker has been reelected chairman of the Council of State of the GDR and chairman of the National Defence Council of the GDR, at the first meeting of the GDR People's Chamber, held here today.

Member of the Political Bureau of the Central Committee of the Socialist Unity Party of Germany Willi Stoph was elected chairman of the GDR Council of Ministers.

Erich Honecker made a statement at the meeting of the supreme organ of state power of the Republic.

FURTHER REPORTAGE ON DZHUROV VISIT

Visits Air Force Unit, Academy

PM161344 Moscow KRASNAYA ZVEZDA in Russian 14 Jun 86 Second Edition p 1

[Unattributed report: "Visit Continues"]

[Text] On 13 June, a Bulgarian military delegation headed by Army General D. Dzhurov, member of the BCP Central Committee Politburo and Bulgarian national defense minister, which is paying an official, friendly visit to the USSR at the Soviet Government's invitation, paid a call of Air Force units at Kubinka. The Bulgarian visitors familiarized themselves with the Soviet airmen's combat equipment and life. The Bulgarian military delegation was met by Marshal of Aviation A.N. Yefimov, commander in chief of the Air Force and deputy defense minister of the USSR.

On the same day, the Bulgarian delegation, headed by Army General D. Dzhurov, visited the Marshal of the Soviet Union R. Ya Malinovskiy Military Academy of Armored Troops. The Bulgarian visitors familiarized themselves with the training equipment facilities and the organization of the training process. Explanation was provided by Marshal of Armored Troops D.A. Losik, chief of the academy.

The Bulgarian military delegation was accompanied by Army General I.N. Shkadov, USSR deputy defense minister.

Presents Award to Sokolov

PM161408 Moscow KRASNAYA ZVEZDA in Russian 14 Jun 86 Second Edition p 1

[Unattributed report: "Award Presentation"]

[Text] A group of Soviet military chiefs was awarded Bulgaria's Order of Georgiy Dimitrov and the Order of the People's Republic of Bulgaria First Class at the Bulgarian Embassy in the Soviet Union on 13 June. They were decorated for their contribution to strengthening friendship and combat cooperation between the peoples and armies of Bulgaria and the USSR.

The awards were presented by Army General D. Dzhurov, member of the BCP Central Committee Politburo and Bulgarian national defense minister, who heads a Bulgarian military delegation which is on an official, friendly visit here at the Soviet Government's invitation. He warmly congratulated the recipients and wished them success in the service.

Marshal of the Soviet Union S.L. Sokolov, candidate member of the CPSU Central Committee Politburo, replied on behalf of the recipients. He expressed cordial gratitude to the BCP Central Committee and the Bulgarian State Council and Government for the high awards.

Leaves Moscow on Tour

PM161205 Moscow KRASNAYA ZVEZDA in Russian 15 Jun 86 Second Edition p 1

[Unattributed report: "For a Tour of the Country"]

[Text] On 14 June, the Bulgarian military delegation, headed by Army General D. Dzhurov, member of the BCP Central Committee Politburo and Bulgarian national defense minister, which is in the Soviet Union on an official, friendly visit at the invitation of the Soviet government, left for a tour of the country.

The Bulgarian comrades were seen off at the capital's Sheremtyevo airport by Marshal of the Soviet Union S.L. Sokolov, candidate member of the CPSU Central Committee Politburo and USSR defense minister; Army General A.D. Lizichev, chief of the Soviet Army and Navy Main Political Directorate; USSR Deputy Defense Ministers Marshal of Aviation A.N. Yefimov and Fleet Admiral V.N. Chernavin; and generals, admirals, and officers of the Soviet Armed Forces.

M. Yotov, Bulgarian charge d'affaires in the USSR, was among the sendoff party.

The state flags of Bulgaria and the USSR were raised at the airport. An honor guard was mounted on the airfield and the two countries' state anthems were played.

Bulgarian National Defense Minister Army Gen D. Dzhurov received the report from the chief of the honor guard and inspected the formation of Soviet servicemen.

The Bulgarian military delegation is accompanied on its tour of the country by Marshal of the Soviet Union V.G. Kulikov, USSR first deputy defense minister and commander in chief of the Warsaw Pact Joint Armed Forces, and USSR Deputy Defense Minister Army Gen I.N. Shkadov.

Visits Lvov, Departs USSR

PM171315 Moscow KRASNAYA ZVEZDA in Russian 17 Jun 86 Single Edition p 4

[TASS report: "Visit Over"]

[Excerpt] The Bulgarian military delegation, headed by Army General D. Dzhurov, visited Lvov on 15-16 June. The Bulgarian guests were visiting a unit of the Carpathian Military District.

On 16 June, the Bulgarian military delegation, which has been paying an official, friendly visit to the Soviet Union at the Soviet Government's invitation, left for home. The guests were seen off at the airport by Army General I.N. Shkadov, USSR deputy defense minister; M.I. Kirey, chairman of the Lvov Oblispokom, and other comrades.

The sendoff party included Major General B. Toshkov, Army, Navy, and Air Force attache at the Bulgarian Embassy in the Soviet Union.

Comparison of Gromyko Talks

Moscow KRASNAYA ZVEZDA in Russian on 13 June on page 1 in its second edition under the headline, "The Chairman of the USSR Supreme Soviet Presidium Has Received D. Dzhurov," carried an article on Bulgarian General D. Dzhurov's meeting in the Kremlin with Andrey Gromyko. This has been compared with the Moscow Domestic Service version in Russian published in the Eastern Europe section of the 13 June Soviet Union DAILY REPORT, revealing the following variations:

Paragraph eight, line two reads in KRASNAYA ZVEZDA: all points discussed. Taking part in the conversation were Marshal of the Soviet Union S.L. Sokolov, candidate member of the CPSU Central Committee Politburo and USSR defense minister; Marshal of the Soviet Union V.G. Kulikov, USSR first deputy defense minister and commander in chief of the Warsaw Pact Joint Armed Forces, and Lieutenant General Radnyu Mitchev, deputy chief of the General Staff on the Bulgarian People's Army. (adding paragraph)

ILO 'ANTI-POLISH ACTION' OPPOSED

LD170455 Moscow TASS in English 0147 GMT 17 Jun 86

[Text] Geneva June 16 TASS -- An unfriendly action with regard to Poland was again staged today at the 72nd session of the General Conference of the International Labour Organization (ILO) which is going on here at the Palace of Nations. A spokesman of an emigre group of renegades representing the non-existent "Solidarity" trade union was admitted to the session of the "worker and employee group" and was given the floor.

In protest against this step many members of the "worker and employee group" representing socialist and a whole number of developing countries made a protest to the chairman of the general conference and left the conference hall.

It is pointed out here that today's anti-Polish action proved that there still existed in the ILO the forces that would like to turn it into a site of confrontation and the instrument of their political machinations. Two years ago they started a provocative discussion of the so-called 'Polish question' which constituted a gross interference in the internal affairs of Poland. That hostile step forced Poland to withdraw from the ILO.

COUNCIL OF MINISTERS CONGRATULATES CSSR'S STROUGAL

LD162301 Moscow TASS International Service in Russian 1557 GMT 16 Jun 86

[Text] Moscow, 16 Jun (TASS) -- The USSR Council of Ministers has congratulated Lubomir Strougal in connection with his reappointment as premier of the CSSR government. The message expresses confidence that the successful implementation of the decisons of the 17th CPCZ Congress and of the plans outlined for the social and economic development of the country will be a major new step in the work of building a developed socialist society in the CSSR.

We are convinced, the telegram says, that the strengthening of friendship and multifaceted cooperation between the Soviet Union and Czechoslovakia will continue to reliably serve the interests of the two peoples, the strengthening of the unity and cohesion of the socialist community, and the consolidation of peace throughout the world.

USSR APPOINTS NEW AMBASSADOR TO SFRY

LD082018 Moscow in Serbo-Croatian to Yugoslavia 1600 GMT 8 Jun 86

[Text] The USSR Supreme Soviet Presidium has appointed Viktor Maltsev USSR ambassador extraordinary and plenipotentiary to the SFRY. The USSR Supreme Soviet Presidium has relieved Nikolay Rodionov of his duty of USSR ambassador extraordinary and plenipotentiary to the SFRY in connection with his retirement.

BRIEFS

SOVIET FRIENDSHIP AWARD -- Moscow, 17 Jun (ADN) -- By decree of the Presidium of the Supreme Soviet of the USSR, the International Friendship order has been conferred on Hermann Kant. The president of the GDR Writers Association received the award on the occasion of his 60th birthday for his active social and literary work in the development of the fraternal friendship and cooperation between the people of the GDR and of the Soviet Union. [Text] [East Berlin ADN International Service in German 1543 GMT 17 Jun 86 LD]

DAMASCUS ACCORD COULD HELP STABILIZE LEBANON

PM161630 Moscow PRAVDA in Russian 15 Jun 86 First Edition p 5

[Vladimir Peresada "Commentator's Column": "With a View to Normalization"]

[Text] As a result of talks held in Damascus, representatives of Lebanese political parties, leaders of Muslim communities, and prominent Lebanese statesmen signed an agreement aimed at normalizing the situation in Beirut. It includes a number of measures to ensure security and stability in the western part of the city and also provides for an immediate cease-fire in the region of the Palestinian Burj al-Barajirah and Shatila camps, where fierce fighting has now been taking place for 3 weeks between Palestinians and detachments of the Shi'ite Amal movement.

This fighting, and I will remind you that this is not the first time it has flared up, is one of the saddest pages in the history of the Lebanese crisis. For yesterday's allies are fighting. Palestinians together with the Amal movement and other Lebanese patriotic forces offered resistance to Israeli aggression in 1982 and then participated in the partisan movement against the occupiers. Now the refugee camps are in Amal's sphere of influence, and there have been enough minor incidents for the political disagreements that arose in the tense general Lebanese atmosphere to escalate into military actions. The numbers killed and injured on both sides have already exceeded 600.

This sad page might well not have happened if the Palestinians driven from their homes had been enabled to return to their motherland, if a Palestinian state had been created. But, as is known, the Israeli leaders, with the backing of U.S. support, are categorically opposed to this.

It is also characteristic that Tel Aviv, as usual, has taken advantage of the exacerbation of the situation in Lebanon to consolidate its hold on the south of the country, in the so-called "security belt." Troops of the aggressor and his hirelings of the puppet "Army of South Lebenon" are carrying out intensive shelling of population centers. Thousands of Lebanese are fleeing from there, escaping death. It is not hard to note that in southern Lebanon, Tel Aviv is pursuing the same tactic of "purging the territory of people" as it used earlier in the capture of other Arab lands.

The implementation of the agreement signed in Damascus could constitute a substantial step toward stabilizing the situation throughout Lebanon. Unfortunately, all previous agreements of this kind were wrecked. The further development of the situation depends on whether this accord is implemented.

PLO ENVOY PRAISES SOVIET-PALESTINIAN TIES

LD161743 Moscow Domestic Service in Russian 1500 GMT 16 Jun 86

[Text] A news conference for Soviet and foreign journalists was held in the mission of the Palestine Liberation Organization in Moscow today. Our correspondent Aleksandr Levchenko reports:

The news conference was devoted to the 10th anniversary of the opening of a PLO mission in the Soviet Union. As Rami Muhammad al-Sha'ir, interim charge d'affaires of the PLO in the Soviet Union, said in his speech, 10 years is a substantial period of time. And in that time, traditions have been established in the mission, the main one being broad cooperation with Soviet public organizations. To work here in Moscow, he emphasized, means to feel the pulse of the Soviet country, to sense the scale of Soviet domestic and foreign policy, and to be a witness to the steps being taken by the Soviet state for the triumph of peace and security for all the peoples of the earth. Subsequently, Rami Muhammad al-Sha'ir said, in particular:

The decade of the mission is a decade of all-round relations, a decade of the existence of a unique center of Palestinian-Soviet friendship. Diplomatic recognition of the Palestinian Liberation Organization by over 80 countries of the world was an important stage on our combat path. And moreover, one of the first among them was the Soviet Union. That is why we consider the anniversary which is being marked to be a significant date, an historic step on the path to the steadfast development of Palestinian-Soviet relations. In essence, 10 years ago a start was made not only in the political activities of the PLO in the Soviet Union, but also in all-round contacts between the Soviet and Palestinian public, and in broad cooperation. By marking today's date, Rami Muhammad al-Sha'ir said in conclusion, we are expressing profound recognition to the Soviet country of all that was done for the Palestinian people, for the future of Palestine, and for the genuine internationalism of the Soviet people, which has stood the test of time.

MOROCCAN AMBASSADOR PRESENTS CREDENTIALS

PM161340 Moscow IZVESTIYA in Russian 14 Jun 86 Morning Edition p 4

[TASS report: "Presentation of Credentials"]

[Text] Mehdi M'rani Zentar, Moroccan ambassador extraordinary and plenipotentiary, presented his credentials in the Kremlin 12 June to S. Mukashev, deputy chairman of the USSR Supreme Soviet Presidium. After the presentation of credentials and an exchange of speeches, S. Mukashev and M.M. Zentar had a friendly talk in which T.N. Menteshashvili, secretary of the USSR Supreme Soviet Presidium, and A.L. Adamishin, USSR deputy foreign minister, took part.

JORDANIAN CP LEADER RELEASED FROM JAIL

LD171917 Moscow Television Service in Russian 1700 GMT 17 Jun 86

[From the "Vremya" newscast]

[Text] As already reported in the press, a group of eminent public and political figures were arrested in Jordan in the middle of May. For a whole month, without any accusations being made, a number of leaders and activists of the Jordanian Communist Party, the Jordan-Soviet Friendship Society, the Jordanian Peace and Solidarity Committee, trade unions and other public organizations have been languishing behind bars. The sharp deterioration in the state of the health of Varada, first secretary of the Central Committee of the Jordanian Communist Party, compelled the authorities to release him. However, there are a number of his comrades still in prison. Many progressive parties and organizations of Arab and other countries of the world, including the Soviet Union, have called for the release of the prisoners.

TOGO PARLIAMENTARIANS END VISIT

PM161615 Moscow IZVESTIYA in Russian 14 Jun 86 Morning Edition p 4

[Unattributed report: "On the Visit to the USSR by a Delegation from the Togolese National Assembly"]

[Text] A parliamentary delegation from Togo headed by Keglo Komlavi, deputy speaker of the National Assembly, was on an official visit to the Soviet Union at the invitation of the USSR Supreme Soviet 4-9 June.

The delegation was received by S. Mukashev, deputy chairman of the USSR Supreme Soviet Presidium, and had meetings and talks with A.E. Voss, chairman of the USSR Supreme Soviet Soviet of Nationalities, and members of the USSR Supreme Soviet chambers' standing commissions and at the Kirghiz SSR Supreme Soviet Presidium.

The National Assembly delegation visited Moscow and the Kirghiz SSR and familiarized itself with Soviet people's lives and working conditions and the USSR's achievements in socioeconomic and sociopolitical development.

There was a detailed exchange of information about the activity of the two countries' parliaments and their contribution to strengthening relations of friendship and cooperation between the Soviet and Togolese peoples.

The Soviet and Togolese parliamentarians expressed satisfaction at the development of Soviet-Togolese relations, which are based on the principles of strict observance of independence and sovereignty, noninterference in each other's internal affairs, and mutual respect. They reaffirmed their joint desire to expand and strengthen mutually advantageous cooperation between the two parliaments in various spheres.

During an examination of the international situation, profound concern was expressed at the serious complication of the political atmosphere in the world. Both sides recognized the need for action by parliaments, governments, political parties, and social organizations with a view to ensuring disarmament and detente.

The two countries' parliamentarians devoted particular attention to the idea of creating a comprehensive international security system.

They are convinced that all states -- large, medium, and small -- must as much as possible make their own contribution to averting the threat of nuclear war, and advocated the redoubling of the efforts of all countries' parliaments in this direction. The attention of the Togolese delegation was drawn to the peace initiatives put forward by M.S. Gorbachev and the wide-ranging program of specific actions aimed at ridding the world of nuclear and other mass destruction weapons.

The Soviet and Togolese parliamentarians advocated further efforts to eliminate the causes of conflict situations and seats of tension in different parts of the world and to create and maintain a normal political atmosphere on the African Continent -- which would be promoted to a considerable extent by declaring it a nuclear-free zone. They firmly advocate the just political settlement of conflict situations by exclusively peaceful means, given the observance of every people's right to determine their own path of development.

Both sides expressed concern at the continuing explosive situation in southern Africa. The Soviet and Togolese parliamentarians resolutely condemned the racist South African regime, which is the source of conflict in the region, and stated their unconditional condemnation of the course of direct aggression pursued by the South African Government against the Frontline States. The sides demanded the unconditional observance of the UN resolutions on the granting of independence to Namibia and reaffirmed their support for the South West Africa People's Organization [SWAPO] as the sole and genuine representative of the Namibian people.

The representatives of the two countries' parliaments stressed the need for joint actions with a view to overcoming the economic difficulties besetting African countries.

During a discussion of the Near East situation, the representatives of the two countries' parliaments advocated convening at the earliest possible opportunity a conference to discuss the region's problems with the participation of all interested parties, including the PLO.

The two countries' parliamentarians reaffirmed their readiness to strengthen the good and friendly relations existing between the USSR Supreme Soviet and the Togolese National Assembly.

PRAVDA CONDEMNS RSA STATE OF EMERGENCY

PM161355 Moscow PRAVDA in Russian 14 Jun 86 First Edition p 5

[Aleksandr Serbin "Observer's Opinion" under general heading "The Fear and Despair of the Racists"]

[Text] A dark age of terror, arrests, and deadly violence has descended upon the Republic of South Africa [RSA]. The state of emergency imposed by the gangleaders of apartheid throughout the country's territory has finally untied the already bloodstained hands of the racists. They are now assailing those who demand an end to inhuman oppressions. The first few hours of the state of emergency saw the arrests of hundreds of people, and the number of victims among freedom fighters has increased.

The Pretoria authorities resorted to this measure in an attempt to prevent a new wave of people's protest against apartheid on the eve of the 10th anniversary of the bloody racist atrocities in Soweto. Using the "arguments" of bullets, the "persuasion" of batons, and the "inducements" of shackles, Pretoria wishes to prevent the inevitable and, as is now obvious, not so distant collapse of a system based on the trampling of elementary human rights. President P. Botha, declaring the state of emergency, boastfully proclaimed: "We are not a nation of weaklings." There is a tragicomical overtone to his desire to describe as the entire nation that small proportion of the RSA population consisting of people like himself who continue to cling to power in the hope of preserving their "good life."

Let me recall that this is not the first time a state of emergency has been imposed in the racist reich. This happened first in 1960, when the bastion of apartheid suffered its first crack as a result of the blow of the Sharpeville explosion. Recently, in the middle of last year, the Pretoria authorities resorted again to the same measure in a desire to ease the growing pressure of the people's struggle. This period saw about 1,000 persons killed and many thousands arrested in the country. Neither at that time -- in 1960 -- however, nor later did the racists succeed in stifling the movement against racial bondage. It continues to grow.

Pretoria's latest actions have placed its friends and fellow-thinkers -- the United States, Britain, and several other states supporting the racists in one way or another -- in an extremely awkward position. The West is now even expressing "displeasure" with these actions by the RSA Administration. Everyone knows, however, that it was the U.S. "positive engagement" with the apartheid regime and the imperialist circles' invariable support that enabled Pretoria to engage in bloody violence against its population and to launch foreign policy adventures in an attempt to remain in power! But the regime that is doomed by history will no longer manage to survive.

DELEGATE ADDRESSES SOUTH AFRICA CONFERENCE

LD171641 Moscow TASS in English 1612 GMT 17 Jun 86

[Text] Paris June 17 TASS -- The Soviet Union favours the elimination of the dangerous hot spot in southern Africa, Anatoliy Adamishin, head of the Soviet delegation and deputy foreign minister of the USSR, has declared.

Addressing the world conference on sanctions against racist-ruled South Africa here, he emphasised that the Soviet Union's participation in the forum demonstrated again the significance attached by the USSR to solidarity with the fighting peoples of Africa.

The Soviet representative pointed to the conspicuous absence in the hall of several western powers, including the United States. "Who will doubt the fact that apartheid in South Africa is existing largely thanks to support from the imperialist patrons?

It is well known who and why are blocking the introduction of mandatory sanctions against the racist regime, as envisaged by the United Nations charter.

Behind this are the multi-billion dollar interests, exploitation and plunder of southern Africa's natural and manpower resources."

It was well known, Adamishin said, who was resorting to veto at the Security Council and found itself in isolation. Each veto on this question was regarded in Pretoria as encouragement to mounting violence inside the country and further aggressive actions against neighbouring nations.

Things went so far that terrorist acts were carried out against unarmed merchant vessels of the USSR and Cuba in the Angolan port of Namibe.

"The Soviet Union's policy in southern Africa and other parts of the world is an open and honest policy. Neither we, nor our Warsaw Treaty allies -- and this was reaffirmed at the recent meeting of the political consultative meeting in Budapest -- are pursuing for any selfish aims.

We back the just cause for which the African nations, the patriots of Namibia and South Africa led by SWAPO and ANC are fighting," Adamishin observed.

A fair political settlement of southern African problems demanded, firstly, the ensuring of the security of the "Frontline" States which were subjected to direct and indirect aggression from the South African regime, secondly, the immediate decolonization of Namibia in accordance with the U.N. decisions, including Security Council Resolution 435, and, thirdly, the dismantling of the disgraceful apartheid system in South Africa.

The African nations could not remain aloof from the vital problems of the contemporary world, Adamishin said. "Among them is the prevention of nuclear catastrophe and maintenance of peace as the supreme value for all.

The Soviet initiatives, directed at the stage-by-stage elimination of nuclear weapons, prevention of the arms race in outer space and broad international cooperation in its exploration are also aimed at switching the immense funds, currently spent on armament, for constructive purposes.

Our slogan is 'Disarmament for Development'. We say: Those who hinder concrete arms control measures also impede the creation of better conditions for assistance to the developing nations," the Soviet representative concluded.

APARTHEID, U.S., UK, FRC SUPPORT FOR RSA CONDEMNED

LD161853 Moscow Domestic Service in Russian 1500 GMT 16 Jun 86

[Boris Andrianov commentary]

[Text] It has been reported from Paris that today a world conference on sanctions against the racist RSA regime has opened at the UNESCO headquarters there. At the decision of the United Nations General Assembly, it is being conducted by the UN Special Committee Against Apartheid, the OAU, and the Nonaligned Movement. Here is the latest commentary: Boris Andrianov is at the microphone:

The calling of the world conference in Paris coincides with today's 10th anniversary of the shooting by RSA troops at peaceful demonstrations by African schoolchildren in Soweto. The bloody carnage carried out by the racists in that Johannesburg suburb shook the world public with its monstrous cruelty. The scale of that battle is nothing compared with what the Pretoria regime, founded on apartheid policies, is now doing in South Africa. The RSA racist rulers have virtually declared war on the African population which is striving for the most elementary human rights. The number of victims of the terror and repression in the country is growing, and by all accounts the Pretoria authorities intend to turn the whole of South Africa into one huge, bleeding Soweto. More evidence of this is the report that the South African regime chiefs are preparing punishments of unprecedented brutality for participants in the antiracist demonstrations planned in connection with the 10th anniversary of the Soweto shootings. In memory of that tragic event, the African population has announced a general strike. It has paralysed the whole country -- industrial enterprises have stopped working, transport has halted, and shops are closed. Millions of black inhabitants have gone out on the streets in towns and villages to take part in antiracist demonstrations.

The racist authorities want to suppress these demonstrations mercilessly, and at the same time are clearly trying to hide the scale of the terror. It is not pure chance, after all, that the police chief, threatening imprisonment, today banned local and foreign journalists not only from writing about any actions carried out by the so-called security forces, but even from going to African settlements and to other areas of unrest. In the opinion of Zambian President Kenneth Kaunda the development of events in South Africa could lead to a revolutionary explosion in that country. Hoping to stave it off, the Pretoria rulers are resorting to aggressive actions against neighboring independent states. In doing so, the racist regime is creating a serious threat to universal peace and security, and in this way the pernicious consequences of apartheid are gaining an international dimension.

The racists' protectors are answerable for the RSA's aggressive policies toward its neighbors and other members of the world community. The United States, Great Britain, and the FRG, in refusing to send their representatives to the world conference in Paris, are again aiding and abetting Pretoria. But that forum's participants are aware of the explosive situation in South Africa and are demanding an immediate political settlement on the way toward eliminating the shameful apartheid system. It will assist in establishing peace and stability in the interests of all the peoples in that region, including the white population of South Africa.

ZAMBIA DEMANDS UK IMPOSE SANCTIONS

LD160953 Moscow TASS in English 0941 GMT 16 Jun 86

[Text] London June 16 TASS -- President Kenneth Kaunda of Zambia has demanded the British Government impose sanctions against the racist south Africa regime.

Kaunda, who was interviewed by the BCC, said that Zambia would quit the commonwealth, uniting 49 former British colonies, if the Margaret Thatcher cabinet declined to give a more serious consideration to the question of sanctions against Pretoria.

Britain, which is one of the major trading partners of the racist regime and the biggest investor of capital in the South African economy, persistently obstructs the application of economic sanctions against Pretoria. London, Washington and Bonn refused to send their representatives to the world conference on sanctions against racist South Africa, which opens in Paris today.

KAUNDA EXPRESSES SOLIDARITY WITH ANC

LD170955 Moscow TASS in English 0923 GMT 17 Jun 86

[Text] Lusaka June 17 TASS -- President Kenneth Kaunda of Zambia has expressed solidarity with the African National Congress of South Africa which leads the struggle of the oppressed masses of the country against the criminal apartheid system.

Speaking at a ceremony to mark the tenth anniversary of the racists' firing at African pupils in Soweto, which has been held here, he said that the ANC supporters were not terrorist who seek to destroy all the whites," as the South African propaganda tries to present.

ANC, the president said, is an anti-racist organisation, its only aim being establishment of democratic South Africa for all its racial groups to live in peace.

Kenneth Kaunda strongly denounced the Pretoria authorities for a new armed attack, committed by South African commandos on Gaborone, the capital of neighbouring Botswana, which entailed human losses. The president of Zambia criticized the stand of Western powers unwilling to understand the legitimate aspirations of the black population of South Africa and take efficient steps to abolish the aggressive apartheid regime.

BOTSWANA BLAMES RSA FOR 'TERRORIST' ACTION

LD161402 Moscow TASS in English 1310 GMT 16 Jun 86

[Text] Harare June 16 TASS -- The Government of the Republic of Botswana put the blame for a terrorist action staged in the early hours of Sunday in central Gaborone on racist South Africa. There is no doubt that the cool-blooded attack on citizens of Botswana, who did not suspect anything, was carried out by agents of the South African Government, says an official statement published in Gaborone.

It was already reported that under the cover of night agents of the South African secret service, armed with sub-machine guns and machine guns, sneaked into the capital of Botswana and attacked a house. Botwana's citizens suffered from the bandit act, the statement by the Republic's government says. Mmacela Polokelo, 26, was killed, and Anna Mabuse, 12, and Peul Rantao, brother of the mayor of Gaborone, were injured.

This is already the third attack by South African racists on Botswana this year. Last month, South African commandos conducted coordinated armed raids on Gaborone and also on the capitals of neighbouring Zambia and Zimbabwe.

The purpose behind the acts of aggression and terror against the neighbouring "frontline" states, which have become more frequent, is to destablize the situation there and force their governments to withdraw support from the just struggle of the South African and Namibian peoples to gain freedom and abolish apartheid.

AAPSO SEEKS COMPREHENSIVE SANCTIONS AGAINST RSA

LD160921 Moscow TASS in English 0845 GMT 16 Jun 86

[Text] Cairo, June 16 TASS -- Ten years of the South African regime's violence against the participants in mass actions in Soweto in 1976 are observed in special conditons when Pretoria launched the campaign of wild terror against the majority of the country's population, says a statement by the Afro-Asian Peoples' Solidarity Organisation (AAPSO) released here.

Pretoria is bent on preserving, cost what it may, the unlawful occupation of Namibia and conduces one bandit raid after another against neighbouring African states, the statement points out. This aggressive policy of the Republic of South Africa [RSA] is emboldened by the all-round support lended by a number of Western states, first and foremost, the United States. Those who support racists, would be held equally responsible for their crimes, ASPSO emphasized.

The AAPSO statement underlined the need to enforce comprehensive sanctions against the racist regime and called the international community to support in every way the just struggle by the peoples in the south of Africa.

GORBACHEV SPEAKS AT CENTRAL COMMITTEE MEETING

PM171412 Moscow PRAVDA in Russian 17 Jun 86 Second Edition p 1-4

[Report by M.S. Gorbachev, general secretary of the CPSU Central Committee, at the 16 June CPSU Central Committee plenum: "On the 5-Year Plan for the Economic and Social Development of the USSR for 1986-1990 and Party Organizations' Tasks To Implement It"]

[Text] Comrades!

Today we have to discuss how the general line determined by the congress is being implemented, to sum up the preliminary results, to learn lessons from the postcongress work, and to define the party's next tasks.

Of course, not very much time has elapsed since the congress. But the moment in time is too crucial and the tasks emerging before society today are too great for us to fail to constantly monitor the pulse of changes and not to verify our intentions and plans against the real progress of life. To put it briefly, we are talking about the essence of the present moment, about how the energy of intentions is translated into the energy of actions, about the obstacles and complications we have encountered, and about how we must act in the future.

Following the 27th CPSU Congress, Soviet society has been set in motion in all spheres -- political, economic, and spiritual. Social development has been given a powerful dynamic charge which has resulted in a surge of political self-awareness among the masses. The atmosphere of demadingness, exactingness, and truthfulness that dominated at the congress is having a mobilizing effect on all practical actions. Soviet people are responding ardently to innovative the undertakings, support them, and resolutely advocate that the restructuring be of a comprehensive and businesslike nature. All this indicates that the congress decisions are taking firm roots in social consciousness and are objectively predetermining the irreversibility of the processes that are occurring.

Now we are even more firmly convinced that at the congress we made the correct decisions corresponding to the crucial nature of the present time. These decisions are called upon to play a particular role in the destiny of the country and of socialism as a whole, and this, of course, will have far-reaching consequences for all world development. We are also more fully and more specifically aware of the scale and depth of the transformations launched on the party's initiative and of the various complications which still have to be overcome. We can also perceive better our opportunities, both present and potential.

There is unflagging interest in the congress abroad. It is particularly deep in the socialist countries. The congress decisions have become an effective stimulus in the struggle for peace and social progress. Our friends' approval and support convince us of the correctness of the course we have chosen and remind us of the lofty responsibility for its consistent and purposeful implementation.

Realistically minded people in the nonsocialist part of the world as a whole were able to see yet again that our large-scale plans for socioeconomic developments are inseparably linked with a foreign policy aimed at building peace and all-round international cooperation.

Our plans were received in a different fashion by the forces of militarism and aggression headed by U.S. reactionary circles. Now they are waging with increased hostility a struggle against the Soviet initiatives to improve the international situation and to shape international relations which would correspond to the nature of the nuclear-space age.

Generally speaking comrades, taking domestic tasks and external conditions duly into account, we must examine key questions of the 5-year plan. It constitutes the basic framework of our work in the near and the more distant future.

We are now at a stage of postcongress activity when it is incumbent upon us to display the ability to restructure and build and to seek new forms and methods without remaining satisfied with what has been achieved for a single moment. Now the main criterion for evaluations is the achievement of dynamic rates of economic development, high indicators of efficiency, and serious positive changes in the social sphere. We will be judged not only by intentions, but primarily by real changes in society and practical results.

I. First Lessons of Restructuring

Comrades: It is from the viewpoint of practical actions and results that we must approach the evaluation of the activity of all party committees, soviet and economic organs, public organizations, and labor collectives.

It is, indeed, this approach that makes it possible to find the correct bearings in terms of not only current events but also future practice. This must be done also because, as we can see, in real life we have not only the development of positive trends -- they are, of course, the dominant ones in society -- but also the effect of retarding factors that the process of restructuring is encountering. At times they are objective, but more often than not they stem from inertia, deep-rooted habits, and an ossified mentality.

Active work is being done today by those who have firmly adopted the 27th congress positions, embarked on energetic work, spared neither time nor energy, and are finding their proper position in the process of restructuring. There are also quite a few comrades who are politically aware of the need to work in the new fashion but simply do not know how to do so in practice. They must be helped in every way. We cannot fail to notice also those who still have not perceived the essence of the changes that are in progress, who either are waiting to see or have no faith in the success of the economic and political turnabout conceived by the party.

The congress directive concerning the development of the creativeness of the masses as the basis of acceleration is having a profound effect on society. It is coupled most closely with the struggle for social justice, for the development of democracy, for total publicity, and for the cleansing of life of all manifestations of petty bourgeois mentality. Soviet people's interest in politics and the economy, in culture and morals, and in the whole of social life is growing. This is having a noticeable effect on labor and political activeness and on the strengthening of discipline and order in the country.

Soviet people's organization and patriotism have been displayed with exceptional force in emergency circumstances, as happened at Chernobyl. The accident at the AES became a harsh trial. Workers, firemen, engineers, doctors, scientists, and servicemen displayed staunchness, selflessness, and courage during a difficult time.

The entire country has joined in eliminating the consequences of the accident. The CPSU Central Committee and local party and soviet organizations are receiving a vast number of applications from people asking to be posted to Chernobyl. The voluntary collection of funds for the families hit by misfortune has become widespread. Many labor collectives have pledged to work several shifts without pay to help those who have suffered.

Allow me, on behalf of our plenum, to express profound condolences to the families of dead and to convey heartfelt gratitude to all who risked their lives to combat the accident and who are today selflessly eliminating its consequences.

Comrades: Complex tasks are arising before us along all avenues of socioeconomic development. It would be naive, of course, to expect that the lagging and shortcomings that have been accumulating for years can be eliminated in a matter of a few months. There is, however, a noticeable trend toward a faster rate of national economic development. We associate this primarily with the people's active labor and with the positive processes now occurring within society.

A 5.7 percent growth in industrial output was achieved during the first 5 months of this year compared with the same period last year. Changes have occurred in sectors that lagged for many years -- the coal industry, ferrous metallurgy, and railroad transport. Enterprises in the timber, wood processing, and pulp and paper industries have started working better. Petroleum industry workers are still not coping with the difficulties, but promising trends have emerged here, too. A number of sectors in the machine building complex are developing dynamically. Intensive work is being done in the agrarian sector.

In many oblasts and krays in the RSFSR, the Ukraine, Belorussia, the Baltic republics, and elsewhere active work has been launched by party, soviet, economic organs, and labor collectives, which are proving in practice what can be achieved when initiative is developed and a creative businesslike atmosphere is created at enterprises.

What is the most vital point now? It is to consolidate the growth rates that have achieved and to boost them further. This is feasible, but it will require great efforts, particularly if we take into account the fact that we have only begun the restructuring: By no means everything has been done from an organizational viewpoint, and the economic levers and incentives which must have a decisive influence on the course of future changes for the better in the national economy have not yet been fully mobilized.

An analysis of the changes in the economy would be far from complete if we failed to point out, in parallel with the unquestionable successes, the weaknesses and factors hindering us. I would say that even the restructuring itself is still progressing slowly. As before, rush work is flourishing in many enterprises, and the old slogan is still in force: The plan at all costs. The turnabout toward quality, efficiency, and new methods of management is progressing painfully and with difficulty. Today however, it must be absolutly clear: The Central Committee will firmly adhere to the line of supporting everything that is healthy, everything that corresponds to the congress decisions, and this in fact means restructuring and progress. We will be equally firm in waging a struggle against everything that obstructs this process.

The new approach launched at the April plenum and developed in the 27th congress decisions involves profound restructuring of not only the economic sphere but of the whole of society. This process is far from simple. It demands efforts and serious changes in the thinking of cadres and all working people. We have achieved considerable success in overcoming passiveness, boosting responsibility and organization, and giving broad scope to initiative. At the same time, the process of restructuring is progressing in a sporadic manner at enterprises, in the management sphere, in scientific institutions and creative collectives, and in the activity of party and soviet organs; old-fashioned approaches still drag backwards, inertia is still strong.

At times we come across instances when actions are replaced by words, when criticism is not followed by practical conclusions, and when self-criticism takes the form of self-flagellation. Some leaders are lavish in declarations about publicity and say the right words about the collective's role and the development of democratic principles in life; the misfortune is that it all ends there. This is how the illusion of restructuring is created: Everything is just fine in words, but there are no real changes. The result is that restructuring loses momentum.

The time that has elapsed since the congress has shown that the pace of our advance and of the mastering of new methods of economic management is slowed down considerably by the unwieldy nature and inefficient work of the management apparatus. The process of the redistribution of rights and duties among central economic departments and ministries on the one hand and enterprises, production associations, and labor collectives on the other is progressing very painfully.

Even when the functions of management organs are changed, some leaders strive by all means to retain their powers of authority [komandnyye prava], although by now the following simple idea must be understood by and be obvious to everyone: Given the present scale of the economy, no ministerial or departmental apparatus, not even the most skilled one, is capable of taking responsibility for the successful solution of all questions or of replacing the creative thinking of labor collectives.

Blind faith in the omnipotence of the apparatus is also indicated by the fact that the central authorities still receive requests for the establishment of more and more new organs of management and for the allocation of additional staff positions. A number of republics, striving without any justification to copy the structure of management operating at the center, have submitted to the USSR Council of Ministers proposals to form new ministries and departments. And this is happening at a time when they already have 50 or more ministries, departments, and other management organs.

The past few months have shown convincingly that the restructuring of society is impossible to achieve without restructuring the style and methods of party work in all its components. These questions deserve to be discussed at greater length, and I shall come back to them.

Now I would like to emphasize the enormous role that has to be played by leaders of party organs in asserting the new style. The extent to which party work will be consistently and energetically restructured depends largely on their stance, their method of action, and their behavior.

While on the subject, there is a particular need to speak about the role of the first secretaries of union republic communist party central committee, kraykoms, and obkoms, and, of course, the first secretaries of party gorkoms and raykoms. It is they who must set the tone in work and display breadth of political vision, profound understanding of tasks, organizational abilities, lofty responsibility, criticism and self-criticism in evaluations, and a party-minded approach in the supreme meaning of the term. Only then will it be possible to expect successful results and a creative atmosphere in the rayon, city, oblast, or republic.

Comrades! What are the basic conclusions to be drawn from the first months of our postcongress work?

The main point is that the party and the people are actively supporting the political line of the congress. By organizing and rallying the working people, the party is restructuring itself. The past months have confirmed yet again: Restructuring is a matter for everyone, from rank and file Communist to Central Committee secretary, from worker to minister, from engineer to academician. It can be seen through to completion only if it has become the cause of the whole people. And everything that hinders this must be resolutely eliminated.

Another important conclusion. The creativeness of the masses cannot be replaced by directives, even by the best ones. Restructuring presupposes the utmost development of the initiative and independence of labor collectives and all cadres. In today's conditions it is intolerable that all questions should be resolved in the center, and it is even practically impossible. Everyone must understand this truth. The main responsibility for the solution of practical questions must be borne by labor collectives in enterprises and associations. On the other hand, the creation of the necessary economic, legal, and social conditions for successful activity and for widespread scientific and technical progress is a direct duty of central organs of management.

And finally, the time that has elapsed since the congress and the latest events confirm most convincingly the fundamental importance of the lesson of truth that was spoken about at the congress. Under any circumstances we must remember Lenin's warning: "Illusions and self-deception are terrible, the fear of truth is fatal." The party and the people need the whole truth, in matters large or small. It is only truth that educates people with a developed sense of civic duty, while lies and half-truths deprave the conscience, deform the personality, and prevent the elaboration of realistic conclusions and evaluations, without which there can be no active party policy.

II. Decisive Stage in the Implementation of the Party's Economic Strategy

Comrades: We are to discuss the new 5-year plan and the tasks to be tackled by the party and all the working people to accomplish that plan.

The 12th 5-Year Plan has a special role assigned to it. The rates of socio-economic development and the level of people's welfare will depend on the foundation that we will lay over these coming years for the implementation of radical reforms in the national economy and on the acceleration of scientific and technical progress.

As you know, the work to draft the new 5-year plan has been pretty difficult. As revealed by estimates, the old methods of management and dead-stop planning were only leading our economy into a deadlock. For a whole year we had persistently sought out new approaches that would create the conditions for more production intensification and provide for higher rates of introduction of the latest advances in sciences and technology. The 27th CPSU Congress has offered main guidelines meeting the requirements of the contemporary economic and social policy of the party.

In drafting the new 5-year plan we succeeded in reaching the top level in the targets for the principal directions of economic and social development as far as the quantitative and, more importantly, qualitative indices are concerned. The draft plan has been profoundly and thoroughly discussed in the Politburo of the CPSU Central Committee, has won its approval, and is now being offered for discussion by this plenum.

Which particular aspects of the plan should be given attention?

First of all, I would like to say that on the whole the plan corresponds to the directives of the 27th party congress. It provides for the concentration of energy and resources in the key areas of economic development and for changes in the structural and investment policies in the interests of social production intensification. The plan is geared to higher efficiency of the national economy, to active resource-saving policies, to the intensification of the effect of economic levers and incentives, and to the use of long-term normatives and new methods of economic management.

One can get the fullest possible idea about the changes in the economy from the absolute increment figures projected by the plan. The principal figures among them are 50 percent higher than in the previous 5 years. For example, the national income will grow by R124 billion as compared to the 79 billion in the 11th 5-Year Plan. Industrial output growth will add up to R200 billion compared to 133 billion and the average annual increment in the gross output of agricultural products to R 29 billion compared to 10 billion. It is important to stress here that the projected growth rates are to be secured from the very start of the new 5-Year Plan.

The high targets projected by the plan have called for a new approach to defining the sources of economic growth. The decisive factor here is radical improvement of the production efficiency figures through faster scientific and technical progress. This is the foundation, comrades, on which the whole plan is built.

In the new 5-year plan the share of accumulation fund in the national income is to be increased to 27.6 per cent. This will create real conditions for boosting the absolute growth figures in capital investments. In the national economy as a whole the growth rates will rise from 15.4 percent in 1981-85 to 23.6 percent. The plan envisages an extensive programme of technical modernization and retooling of many existing enterprises. The allocations for these purposes increase by 70 percent, and their share in the general volume of production investments will exceed 50 percent by the end of the current 5-year period.

The new period will be marked by large-scale production mechanization and automation and by the introduction of new technologies. All this will lay the groundwork for improving by 1990 the working conditions and relieving more than five million people of manual jobs, or more than twice as many as over the previous 5 years. Large-scale measures have been taken to save material and energy resources.

On the whole, comrades, the package of measures for the introduction of new advances in science and technology and for the advancement of economic management methods, envisaged by the plan, will help increase the average annual rates of national income growth to 4.1 percent, or almost by a third compared to the previous 5 years.

There are also plans for the accomplishment of a broad social program on the basis of accelerated development of the economy. The real incomes of the population will grow, the supply of foodstuffs and consumer goods will be improved, the services sphere will be expanded and work will continue to upgrade the health service and public education.

Special attention is given to the housing construction program. The housing stock will be increased by 595 million square metres, and this new housing will be marked by improved quality and greater conveniences. Housing construction will receive preferential development. All these are important measures, but this is no reason for complacency. The search for new ways of improving the Soviet people's living conditons must be continued with the use of all available means and opportunities and with active promotion of cooperative and individual housing construction.

About four-fifths of the national income is to be spent on improving the people's well-being. The defence capability of the country will be maintained at a proper level, too.

In a word, the 12th 5-Year Plan is an important step in carrying out the economic and social policy worked out by the 27th CPSU Congress. Essentially, it is a program of activity for each branch, each republic, the entire national-economic complex and the society as a whole. The Politburo believes: There are grounds for the plenary meeting of the Central Committee to endorse this plan and ask the Council of Ministers to submit it for consideration by a session of the Supreme Soviet of the USSR. Nikolay Ryzhkov will report to the deputies on it.

A. Past Mistakes Must Not Be Repeated

Objectively assessing the plan submitted, it has to be bluntly said that strenuous work will be required for its fulfillment. It is necessary for us to reach the goals set, to carry through the new reconstruction of the economy so as to create conditions for the further growth of its efficiency. Comrades, all this has to be accomplished in the next 5 years.

Performance has somewhat improved recently. But this has been achieved primarily by drawing on the reserves which lie, so to speak, ready to hand. In order to ensure a long-term and stable success it is necessary to take care of more important measures. The experience of building socialism teaches us that at turning points in the society's development we must boldly make abrupt changes and not be afraid of drastic reforms.

We all know what kind of economy the Russian economy was before the Great October Revolution. Its industrial production equalled only 12.5 percent of the U.S. level. For Lenin and the Bolshevik Party it was absolutely clear that socialism would only be able to win by embarking on a basic reconstruction of the economy and by gaining the highest labour productivity. From the first years of Soviet Government the party worked for a major renovation of the national economy, using all the resources for this.

With Lenin's plan for the building of socialism our people soon created a material-technical base for industry, of which factories fitted out with advanced machinery for that time were the core. Industries assuring swift technical progress were set up, and large-scale production reequipment proceeded apace. The development in every possible way of advanced science and education and the training of skilled scientific and technical cadres was the highest national economic priority.

It was in this way that the rapid pace of economic and social development came about. In an historically short time, the formerly backward peasant country became one of the world's leading industrial states. Already by the fifties, despite the enormous losses in the war, our volume of industrial production had reached 30 percent, and by 1970, 75 percent of the U.S. level. The USSR's national income constituted two-thirds of the level of the United States.

In the seventies and the eighties, however, we lost our previous dynamism to a certain extent. The economy did not succeed in switching over from extensive to intensive growth in time. Inertly, from the "achieved level," economic planning was done. Departmental interests hindered the transfusion of capital investments and resources into promising sectors. The volume approach to assessments of the economy distorted the real state of affairs and gave false signals on its condition.

The structure of our production remained invariable and did not meet the requirements of scientific and technical progress.

The Soviet Union produces considerably more iron ore and steel than the U.S. while manufacturing significantly less engineering products it produces as much timber, but less timber products. Under these conditions, each unit of the increment in national income or industrial and agricultural output requires of us more resources.

In order to rectify the situation, it is necessary to see clearly the causes of the lag. They boil down primarily to serious errors in the policy of capital investments. There was no justification for the reductions of investment increases 5-year period after 5-year period. As a result, such basic industries of machine-building as machine tool construction, instrument-making, computer technology and the manufacture of progressive structural materials were not developed properly. Besides, capital construction was conducted ineffectively, and projects' building time and the stocks of uninstalled equipment increased.

We assess the rapid growth and accumulation of fixed production assets in the country as a great achievement and, by and large, this is correct. But at the same time, comrades, we cannot fail to see that negative trends in their reproduction grew for a number of years. Unjustified enthusiasm for the erection of new enterprises and neglect of the requirements of the existing ones became standard with the planning agencies and many ministries. The bulk of machinery and equipment went to the new facilities, whereas a timely replacement of the obsolete equipment in existing factories and plants actually was not done. The process of asset renewal was too slow and their age structure worsened.

Among the negative effects of the extensive reproduction of fixed assets is the excessive swelling of the repairs sphere. In industry alone equipment repairs cost R10,000 million, and of this sum over R3,000 million falls to the repair of equipment that is being operated beyond the standard time limits.

Mention should also be made of the fact that such an approach slows the turnover of the country's metal stock. Instead of sending the obsolete machinery for remelting in time, the metal is tied up in low-efficiency equipment and repeatedly subject to expensive repair. In order to produce new machinery, the production of pig iron, steel and rolled metal as well as the output of iron ore, coal and other mineral resources have to be increased.

And, finally, the extensive forms of the buildup of fixed production assets led to an artificial shortage of labor resources. Some people still cling to this ring-buoy in explaining the causes of low growth rates, a failure to make contract deliveries or fulfill the plan. Of course, we know the demographic situation in the country. But we may ask: If there is a shortage of labor resources, then why continue building new enterprises, and on the basis of obsolete equipment at that, and quite often turn out outdated products?

This is the exact situation. At the present time, industry alone has about 700,000 job vacancies. And this practically with a one-shift work of equipment. At the shift ratio of 1.7, the number of job vacancies in industry will exceed 4 million. Tens of billions of roubles have been spent on their creation. So it turns out that old machinery works in the existing enterprises, and the new ones have no workers to handle the machines. The money has been spent, but there are no proper returns.

Comrades, today at the plenum I would consider it necessary to draw special attention to the fact that the shortcomings in investment policy had the most adverse effect on the development and the technical level of the engineering industries.

Machine-building capital inputs share of the total volume of investments was unjustifiably downgraded.

Both the planning bodies and the ministries had a finger in this. The prestige of engineering creativity was undermined and the once flourishing national schools of technology designers whithered away. The vicious philosophy of imitation and mediocrity came out. As a result, some products do not meet the present-day level of science and technology.

What is the matter, comrades? What is the root cause for the situation with the technological standards of our machines? It lies first of all in the fact that till now we did not make a systems analysis of the latest world achievements. Attainment of the top quality and reliability was, in effect, not envisaged in the designing of new technology. True, we have recently begun to evaluate technology on the basis of analogues. But it is not the latest foreign models that are taken for standards. This is a sorry example of the outdated thinking and eye-wash on the part of those who are responsible for the creation of necessary technology. Whom are they deceiving? It turns out that they are deceiving their own people.

The existing orientation to the average or even low technological level of products was to a certain extent legalized by the standards that were in effect. The system of standards did not mobilize designers with a quest for new ideas and did not raise a barrier in the way of backward machines and equipment. Evidently, a kind of an inferiority syndrome that emerged at many research institutes and design offices has also played a role. They tried to justify the low results of their work by claiming that it was impossible to work better. Not everything was all right also in stimulating effective work of scientists, designers, and engineers.

For many years proper attention was not given to the development of the research and experimental base, and necessary investments and resources were not channeled into it. It is clear that all this could not but tell on the technological level of machine-building and on the rates of scientific and technological progress.

Such was the situation before the April plenary meeting. It was comprehensively analyzed by the Central Committee. It mapped out measures that were unanimously approved by the plenary meeting and the party congress. I want to once again tell those who are trying to pull us backwards: We cannot and will not put up with this attitude and must stem any attempts at multiplying the former approaches and errors, first of all in the sphere of scientific and technological progress.

I am sure that the plenary meeting of the Central Committee will adopt a principled line in this fundamental question of our home policy and will support all the necessary measures of the Politburo and the government that make it possible to revolutionize the development of our economy and to lead it to the vanguard positions of scientific and technological progress. I have already spoken about the responsibility that lies in this connection on the members of the Central Committee elected by the 27th CPSU Congress. Comrades, we must not shun this historic responsibility.

What should be done first of all for optimally fulfilling the strenuous 12th 5-Year Plan and for creating the necessary prerequisites for the further acceleration of scientific and technological progress?

B. To Speed Up the Modernisation And to Energetically Develop Machine-Building

We directly link the main components of the work to implement the party's economic strategy with the reorientation of the investment and structural policy: We will increase the share of capital investments in the modernization and retooling of the industrial plants now in operation, accelerate the development of machine-building, and reduce the investment cycle.

We have recently taken some far-reaching measures with respect to the principal issues of economic growth. I mean the resolutions calling for a fundamental reorganization of metal production, the further chemicalization of the national economy, modernization of engineering, faster advance in computerization, installation of flexible production systems, rotor lines, automated designing systems, industrialization of capital construction, and improvement of design-and-estimate work. Guidelines have been laid for resource saving. The implementation of the range of measures to upgrade the quality of output in all national economic sectors is of immense importance. Finally, good groundwork has been laid for changing new methods of management and economic activity.

The decisions taken are oriented towards switching our economy onto the path of intensive development through faster application of advances in science and technology. All of this work must be done, comrades, with total determination in every respect. Naturally, we now have to act within the framework of the 5-year plan. Within this framework, we have vast opportunities for a further intensification of the national economy and enhancement of its efficiency.

Speaking of reserves, I would like to mention the problem of better utilization of fixed capital and optimization of its renewal. For this is, comrades, the key component of the wealth of a socialist society, the material base of our economic potential. We have to set things right as far as the use of fixed capital is concerned, and to ensure a genuinely proprietary, rational attitude to it and its effective reproduction.

We can bring about a substantial qualitative improvement of our economic performance, above all, higher productivity and increased returns, if we accelerate the renewal of fixed capital, jettison its outdated sections as soon as possible, and use technically modern machinery and equipment more intensively in various ways, including improved machine shift. By cardinally renewing fixed capital and paring down the scale of new building, we can make substantial capital investment available for faster social welfare development, above all, housing construction.

These are, comrades, the potentialities of vast national economic proportions coming within the mainstream of the party's present economic policy. They are not a figment of the imagination divorced from the course of life but an actual confirmed reality, notably, by the initiative of the Leningrad party organization.

While working out the ways of continued intensification of industrial production, the Leningrad regional party committee has analyzed the draft economic development plans of industrial enterprises for the 12th 5-Year Plan period. It has turned out that the overwhelming majority of the ministries are still committeed to extensive development of enterprises they have under their control in this region. Close to 40 percent of the capital investment is earmarked for new building and for the extension of operating capacities. At the same time, the scope of technological updating of production is clearly insufficient.

After a thorough investigation of the state of affairs the regional party committee has arrived at the correct conclusion: New and advanced components of the fixed capital must be used in two or three shifts and, on that basis, the assignments of the 12th 5-Year Plan must be carried out, while phasing out outdated equipment and using the space thus made available for the installation of modern productive capacities. That means, as Leningrad comrades have figured out, about three million square metres of space. The proportion of advanced types of machinery in the total machine-tool inventories of the city and the region will double by the end of the 5-year period as machinery and equipment are renewed. There will be an improvement of the quality standards in industry.

Deep cuts in new building will let the Leningraders decrease capital investment for the purpose. Some of the resources thus saved will be directed towards the technical updating of the enterprises concerned, but the bulk of it for an extension of housing construction and provision of more amenities in cities and townships. That is, today major technological, economic and social problems are being tackled integrally.

The Central Committee Politburo has, as you know, considered and approved the proposals of the Leningrad regional party committee and found them to open up quite a promising area of accelerated development of social production. The initiative thus taken is one of national importance. It is an effective way to follow the industries of other regions of this country.

We consider the change-over to two-shift working to be an important initiative today. It must be said that this work schedule has long been a standing practice in many countries. They have enterprises crucial to scientific and technological progress working in two or even three shifts. This reflects the determination to make the best possible use of advanced equipment and replace it with even more effective equipment as soon as possible. Afternoon and night shift workers have additional incentives to encourage them. Our central departments have to make things clear in this matter without delay and advance proposals for improved moral and material incentives for workers employed in afternoon and night shifts. We expect the All-Union Central Council of Trade Unions to make its active and constructive contribution to this matter of great national importance.

Even in the early stages, as the initiative of the Leningraders was discussed, somebody suggested that it would be not so simple to get engineering factories to operate in two or three shifts. That is not a simple thing, indeed. But we have the right to say: Why can people work three shifts at continuous production plants, as metallurgy or chemistry as well as in the food or textile industries, with female labour predominating, incidentally? so why is there only one shift working, as a rule, in the engineering and metal-working industries where working conditions are no worse?

The Politburo considers that all the ministries and departments -- in conjunction with local party, government, trade union, and Komsomol bodies -- must get down at once to the actual job of intensifying production, taking into account the Leningraders' initiative. It is important, in this context, to remodel the operation of transport services, institutions of learning, day nurseries, and all of the social services so that proper conditions for effective work could be created.

Clearly, there is some point, while changing over to multi-shift working, in allowing the regions, territories and republics to retain the overall capital investments they are entitled to under the 5-year plan, leaving them free to use the resources they save by reducing the amount of new industrial building for modernizing enterprises and developing the social and cultural sphere. And they, in their turn, must make sure they achieve their 5-year plan targets. Such proposals have, incidentally, come from some party and local government officials. I think they must be supported.

One of the most urgent issues of the new 5-year plan is to accelerate the technological updating of operating productive capacities. The plan envisages a substantial increase in capital investments for these purposes. There are many additional levels and opportunities here too.

The CPSU Central Committee set great store by the initiative of the Volzhskiy Motor Works and the Sumiy Research and Production Association, which decided to reach the frontiers of technological progress, improve quality of products and ensure fast economic growth rates through the use of internal reserves and the upgrading of the organization and methods of managing production. Many other enterprises emulate their practices. More than 200 other large industrial plants are to adopt the principles of self-financing and self-sufficiency next year.

The work collectives of the Zil Motor Works, the Leningrad Metal Works, the Voronezh Synthetic Rubber Factory, the Rosa Luxemburg Knitwear Factory in Kiev and the Ekranas plant in Panevezys, Lithuania, and hundreds of other enterprises are successfully using reserves to enhance efficiency at each work place.

Many enterprises in the machine tool manufacturing industry are being reorganized for the production of the most advanced machine-tools and equipment capable of increasing productivity many times over and ensuring high quality of products. These include the machine-tool making amalgamations and plants of Leningrad, Ivanovo, Gomel, Odessa, and Luyanovsk.

The instrument-making and electronics industries are making big efforts to accelerate the development of computers and microprocessors. They have now created realistic opportunities for quickly solving the problem of arranging the production of high-performance computers and ensuring large-scale production of technology to electronize engineering and other sectors of the economy. The 12th 5-Year Plan envisages a 140 percent increase in the production of computers, compared with the previous 5-year Period, and the manufacture of 1.1 million personal computers.

The practices of Belorussian railway men are gaining over wide acceptance. Ten railways have now adopted new methods of organizing and stimulating work. The implementation of this project of national importance will ensure more efficient work of transport and, at the same time, make it possible to increase labor productivity and release nearly 100,000 workers. Such imaginative attitudes toward work deserve high praise and vigorous support. Generally speaking, there is a creative quest in all sectors of the economy and in all regions of the country.

Comrades: Retooling and modernization of production call for new attitudes. You know how many plants were retooled in the past. Billions of roubles were spent on the replacement of obsolete equipment. Nevertheless, the efforts often failed to produce the desired result. One of the chief causes was poor quality of technical projects that were often based on low-efficiency technology and antiquated methods of organization of labor. New equipment was often different from old machines only by manufacture date.

How are ministries dealing with the problem of modernization now, in the time of restructuring? What projects are to be carried out in the new 5-year period?

A sample analysis of plant modernization projects of some industrial ministries has been made at the request of the CPSU Central Committee. What are the results? Far from all projects could be accepted as matching modern standards. Many of them need revision. Moreover, some of them had gone out of date so that it was recommended to stop their further implementation.

Here are some examples. The plan for the reconstruction of the Voznesensk Hydraulic Press Plant was drawn up by the Kharkov Institute of the Ukrgipromash at the Ministry for the Machine Building Industry. Just look what figures are programed into this plan -- the number of workers is to be increased more than five-fold, while the growth of labor productivity, by a mere 70 percent. Moreover, just one-third of this growth is to be achieved by technical solutions, and the remaining two-thirds by a rise in prices on the produce.

The situation in other places is much the same. The state institute for the designing of textile industry enterprises drafted a plan for the reconstruction of the Moscow printed calico factory of the Ministry of Light Industry of the USSR: The equipment that has been manufactured without modernization for more than 15 years is to make up half of its fleet. It is impossible to produce high quality fabric of the required range with this machinery, or to achieve a high productivity of labor.

The question is where they are sending the country, these wretched planners and ministerial officials who endorsed these plans? It is clear that such plans can discredit the idea of accelerating scientific and technical progress, and incur onerous spending on the economy.

To sum up, comrades, we have to draw the necessary lessons from all this. We have to examine without delay, and in the shortest possible time, all plans of technical retooling and reconstruction which are slated for implementation in the 12th 5-Year Plan. Those that would be qualified unfit for the tasks of speeding up scientific and technical progress, should be resolutely discarded, and their implementation prohibited, while the funds thus saved should be channeled into the development of high technology production.

Responsibility for the level of the plans for technical retooling and reconstruction should be placed, above all, on the ministries that are called upon to be real technical headquarters of industries. They should be accountable in the first place.

The attention of ministers to these questions was drawn at a conference held as early as the June of last year. They were directly instructed to reconsider the plans for technical retooling and reconstruction.

The approach has to be drastically changed, comrades, we cannot allow billions to be invested into obsolete projects that are based on technically unfit solutions. Acting so, we will not rise to the world's modern standards of production. We, I would even say, have a right to accept this.

Everyone knows the urgency of the question of supplying the people with light industry products. Some specialists propose building new enterprises for this. Nobody rules out this road of development, which is especially important for the output of modern materials and goods.

But basically the task of building up the production of goods can only be solved by technical retooling and reconstruction of light industry enterprises. The main thing is to find the right solutions to this problem.

Here is what the calculations show. If the most advanced equipment and technologies are used in reconstruction of enterprises, we will be able to raise their effectiveness by 30 to 40 percent.

This obviously is what will be done: Where there is such equipment, reconstruction will be conducted vigorously, and where it is absent, reconstruction will be put off for 2 or 3 years until production of efficient equipment runs smoothly, and then it will be possible to make good the delay on a new production basis. Generally speaking, ministries and departments have to approach these matters with utmost responsibility and stop clinging to the old ways. Otherwise, they will go bankrupt in the people's eyes.

Comrades, you well realize that plans for updating the national economy on the basis of the latest scientific and technological achievements depend, in the final analysis, on machine-building. That is where all burning economic questions are focused today. We will not cope with the tasks the congress posed us unless we quickly update machine-building and reorient it on producing new machine systems and progressive equipment for every branch of the national economy.

The matter was recently discussed at the conference of machine-building branch leaders at the CPSU Central Committee. We had a serious conversation with the ministers. The discussion showed that we can not afford to limit ourselves by measures chartered by the well-known resolution on developing machine-building. More, and just as extensive effort is needed to thoroughly update the machine-building complex. Proposals have been elaborated on instruction by the Central Committee for additional measures to accelerate progress in machine-building.

First of all, guidelines have been determined for a sweeping improvement in the technological standards of machines, instruments and other equipment, for raising the production of automatic-controled articles, for a dramatic growth of production of special-purpose technology needed at the enterprise which manufactures it, and for substantially expanding the capacities of production preparation shops.

Measures have been worked out to further step up the science and production integration, and improve the experimental bases of scientific research institutes and design bureaus.

When implemented, those measures will allow the basic nomenclature goods corresponding to the world standards to make up to 80 to 95 percent of the total output by the year 1990, the figure for newly developed products reaching partially 100 percent. It is planned to fully switch production to the highest quality articles between 1991 and 1993.

The share of microprocessor equipment will grow sharply. As will the automation of project design work. The demands of the instrument-making industry for the latest electronic equipment will be met in full.

Machine-building enterprises will be reequipped much quicker, with 38 to 40 percent of the Soviet-manufactured technology assigned for this purpose. In 1990, special technologies for use at home will be manufactured to the sum of R4 to R4.2 billion, as compared to the initially planned 2.5 billion.

The capital investments in developing the machine-building complex are fully ensured by contract allocations and equally distributed for every year of the 5-year plan period. To concentrate investments on the crucial lines of scientific and technolocial progress, and observe the specified time limits in construction, it is planned to freeze a hundred machine-building projects now under construction, whose design is outdated.

Major steps are envisaged to improve the economic mechanism in machine-building. Starting with next year, the number of confirmed assignments will be drastically cut, with such general indices and normatives as profit, labor efficiency growth and decrease of relative consumption of basic materials and resources gaining priority.

The planning of machinery and equipment production in tons is ruled out. Solutions to most of the questions determining the interaction of the industries within the machine-building complex have been found, and other reserves for the further enhancement of the technical level of production disclosed. The machine-building ministries have been asked to complete in 1986 the shaping of plans of technical reequipment for each enterprise and the industries as a whole on the basis of the broad use of advanced scientific and technological achievements. The solution of the problem of providing the machine-builders with high-quality and progressive materials will require an extra development of component suppliers' capacities. This will also have to be accomplished.

The Politburo has examined all these proposals, supported them, and is submitting for approval by the plenum of the Central Committee.

As you see, comrades, the realization of such a very crucial and complex program will call for extraordinary effort, strenuous and competent work. It has to be carried out, we have no other path. Any other path means a relinquishment of positions, an orientation towards lag. This is something the CPSU Central Committee cannot accept.

We hope that the heads of the machine-building ministries and the work collectives will treat with full understanding and due responsibility the fulfilment of this most important national task. Remembering the lessons of the past, we must in advance warn all those who are obliged to fulfill the program of updating the engineering industry: No retreats from what has been outlined, no references to objective or subjective reasons can be made here.

Comrades, speaking of our work on a major technical reequipment and reconstruction of the economy, we cannot bypass the problems of capital construction. Its volume in the new 5-year period is enormous. Almost a trillion roubles are being allocated for these purposes. More than R500,000 million worth of building and assembly work alone will be carried out. This is 20 percent more than in the 11th 5-Year Plan.

Yet the situation in constuction remains unsatisfactory and the process of reconstruction has become protracted. Nearly half the construction trusts chronically fail to fulfill the plans and to bring capacities and facilities into operation on schedule. Serious defects mark the organizational structure of the management of construction work. The establishment of design and building associations and firms for the mass industrialised "turn-key" construction of multiple-recurring projects still does not go beyond good wishes.

Generally speaking, comrades, a thorough streamlining of the entire construction industry will have to be undertaken and the advanced experience will have to be more widely used.

Everybody knows the successes of the Belorussian builders, for example.

Over the 5 years under the 11th plan they reduced the number of projects being constructed at a time by 21 percent and their average building time by a factor of 1.4. Considerable labor and material resource savings were achieved, and at the same time the bringing into service of all precompletion capacities and facilities was ensured. The overall volume of capital construction went up by 19 percent, and the commissioning of fixed assets increased by 23 percent. This was done on the scale of the entire republic. But this very successful experience so far has not gone beyond Belorussia.

There are also good examples in other areas of the country. In 1979, a building team led by Nikolay Ilich Travkin was set up in the Moscow region. Cost-accounting principles and elements of self-management disclosed a great potential and ensured the achievements of good results. In 1983, on the basis of this collective, a new prime contractor organisation, the PMK-96, was established. Later, the entire trust Mosoblselstroy No 18, led by N.I. Travkin, shifted to cost accounting. Here are the results. In the past year the trust delivered 1.5 times more commerical building products than it had a year earlier. Productivity rose by 25 percent, and production costs were reduced by 12 percent. Having earlier operated with losses, the trust now received almost R1.5 million in profit. Pay increased an average of 11 percent.

It is also important to stress that the successes of the Belorussian and Moscow builders have been achieved practically on the same material base. Therefore, when we hear that the shortcomings in capital construction are due to a shortage of labor resources or transport facilities, these words are often worthless. Experience shows that capital construction can successfully be conducted with existing potential. The only thing needed is to ably dispose of everything the builders possess immediately, and demonstrate creativity and economic initiative in work.

It is obvious that we face the need for a cardinal restructuring of capital construction. The time has come for calling up all those who are responsible for the assimilation of advanced experience in this industry. It is necessary to change the planning and organization of construction and, of course, update its material base.

C. Thrifty Management and Skillful Administration

Comrades, there is a lot of other reserves within the framework of the 5-year plan that can give additional momentum to our movement forward. When we are speaking of the need for a deep-running restructuring of the economy we view a substantial improvement in the quality of products as one of its most important results. The party congress formulated the problem of quality as a nationwide task. The CPSU Central Committee addressed a special letter to all working people. It is now possible to say definitely that a majority of Soviet people realize the need for an urgent solution to that most important problem.

Many work collectives have got down to work in a thorough fashion. Without special outlays -- largely due to a conscientious attitude to work, stronger labour and technological discipline, the adoption of a series of urgent organizational and technical measures -- such enterprises as the Alma-Ata Machine Tool Manufacturing Plant, the Tallinn Machine Building Works, the Fergana-based "Azot" amalgamation, the "Elektroizolit" amalgamation in the Moscow region, the "Bakelektrobytpribor" production amalgamation and others have sharply reduced the number of unsatisfactory equipment reports and ensured the output of products in strict compliance with the standard requirements. I would like to emphasize especially that they have achieved a breakthrough in improving the quality of output using what is actually the existing equipment.

Thus, decisive steps to improve the quality of machines, equipment and consumer goods can and should be taken even today, without waiting for the arrival of new plant.

As you know, the CPSU Central Committee Politburo and the USSR Council of Ministers passed a special resolution. Measures of technical and economic character, standardization and certification of products, price-setting, the system of moral and material encouragement are directed toward improving the quality of output. The system of state-controlled independent approval of products is being introduced at enterprises.

It is very important that the party committees actively support the work of production collectives, state control and approval bodies in order to remedy the situation in the near future. That this is realistic, is evidenced by the experience of the enterprises where the system of independent approval was introduced last year as an experiment.

Radical changes are to be achieved in the utilization of material resources as well. Not long ago the CPSU Central Committee and the USSR Council of Ministers passed a resolution that formulates challenging tasks regarding the saving of energy and resources. The saving of resources is the decisive source of meeting the growing requirements for the materials, fuel and electric power. We hope to receive over one-quarter of the increment of the national income in the current 5-year plan period due to this factor.

This is an important task, but not all managers fully realize it, remaining in the captivity of their outmoded conceptions. The Ministry of the Automobile Industry, the Ministry of Heavy Machine Building, the Ministry of the Coal Industry, the Ministry of Electric Power Development and Electrification, and the Ministry of the Light Industry of the USSR systematically fail to fulfill the tasks regarding the saving of a number of resources. A lot of enterprises still allow direct losses of most valuable raw materials and products. Thirteen billion cubic meters of associated petroleum gas are burned needlessly in flares every year. Millions of tons of coal are lost during the haulage by train. The loss of agricultural produce is high, reaching nearly 20 percent on the average. And how much electric power, heat and water is still needlessly wasted? The utilization of secondary resources is still poorly organized.

Let us set the record straight -- we have reached a line beyond which such mismanagement is not only intolerable, but simply unaffordable. The scientific and technological policy, planning, economic and administrative levers should be used to eliminate these ills that have taken root.

We must launch all-out war on wasteful practices and we must exercise the strictest economy. Steps should be taken to make the fulfillment of tasks regarding the saving of resources and the level of their utilization as one of the main criteria for assessing the performance of every enterprise and collective.

The saving of raw materials and semimanufactures should be encouraged more actively. Can we consider the practice whereby the payment for the saving of resources stands literally at mere kopecks as normal? This simply will not do. Thriftiness should also become a habit, an organic feature of every worker. The sense of thriftiness should be constantly fostered in the rising generation, both in the family and at school.

Comrades, special attention in the 5-year plan is devoted to the development of the agro-industrial complex. The planned targets come in line with the policy formulated by the May (1982) plenary meeting of the CPSU Central Committee. On the whole, the defined volumes of capital investments, the output of produce and the material and technical supplies to the agro-industrial complex are on a par with the level of assignments of the Food Program. Enterprises engaged in the processing, produce storage and the production of agricultural machines will be developing at priority rates.

In general, favorable conditions are being created for a buildup of the potential of the agrarian sector. This effort is, undoubtedly, well-justified. At the same time we must clearly see that the immense resources channelled into that sphere are not paying back properly thus far. On the whole, the completed 11th 5-Year Plan period achieved low indicators. This affected the supply of foodstuffs to the population and the rates of economic development of the country.

For the sake of objectivity, it must be said that positive changes have made themselves felt in the agrarian sector recently.

However, they are not taking place in all sectors of the agro-industrial complex, and in far from all regions, territories and republics. We are now faced with the acute task of ensuring stable production of the produce of plant-growing, primarily, of grain and fodder crops. This is the main problem on the successful solution of which the stable development of livestock farming, the incomes of collective farms and state farms and the economic performance of the processing enterprises largely depend.

The task is to intensify work in the agrarian sector in order to change the situation decisively for the better. There are vast reserves, comrades, for doing that. They lie, above all, in the huge potential that has already been created. We have accumulated the experience of efficient agricultural production in practically all zones. Thanks to the measures taken to improve the administration and the system of management, economic and organizational prerequisites have been created for improving the labor activity of agricultural workers.

Without going into details, I would like to emphasize the main issue once again -- the road to higher productivity of the fields and livestock farms lies through a wide-scale utilization of intensive technologies. This is both the most realistic and efficient way of achieving better results in cropping and in livestock production.

We should carry on with the policy of concentrating efforts and means in the decisive areas of the agro-industrial complex. This is a dependable condition for getting tangible results from inputs into the countryside. The experience of our country and other countries indicates that it is expedient to concentrate the resources on those farms and in those regions where they ensure the best results from the viewpoint of the volume of production and from the viewpoint of economic efficiency. In this connection, there is every reason to think yet another time of redistributing the resources and allocating them for the specific volumes of production.

Also meriting study is the question of setting up research-and-production [nauchno-proizvodstvenmyy] amalgamations on the scale of regions and, perhaps, in some cases of districts so that they would become catalysts of the accelerated development of the collective and state farms in their zone, helping them introduce progressive technologies and advanced methods of husbandry. This approach guarantees a rational use of the economic potential and the obtaining of high end results.

Such experience already exists in Moldavia, the Ukraine and other republics. Amalgamations have been formed there on the basis of zonal institutes, educational and experimental farms. Similar experience exists in a number of fraternal socialist countries. I believe it would be expedient to study it thoroughly and to make more active use of it in practice.

If we intend to achieve serious successes in agro-industrial production we cannot follow traditional paths alone. It is only by concentrating resources, creating priorities along the decisive directions, skillfully using the advantages inherent in the new economic mechanism and structure of management that we will be able to operate efficiently, quickly develop production and successfully solve the tasks set by the USSR Food Program.

Finally, comrades, our successes in the 12th 5-Year Plan will depend on how we will conduct further the work to perfect management, the entire economic mechanism. The principles of this work have been defined. On one hand, we must further perfect centralization in the management of the national economy, raise the role of the State Planning Committee and other economic agencies, specify the functions of ministries and, on the other hand, expand in every way the rights and economic independence and increase the responsibility of enterprises and amalgamations for the results of their activity.

I believe every one agrees with this now. But the practical work to implement democratic centralism in management is not proceeding in the way that is dictated by the present situation. We have conducted experiments and obtained promising results but we often get cold feet when it comes to their extensive dissemination. Much in the system of the economic mechanism has already been tested and it is necessary to introduce bolder novelties into practice, to operate, so to say, along the entire front. With this aim, the central economic bodies on the basis of the principled guidelines of the 27th congress should draft and adopt more quickly the documents necessary for transition to the new principles of management.

The numerous instructions, regulations, and methodological guidelines that we have been accumulating for decades should be reviewed in accordance with the demands of the congress and resolutions adopted after the congress. Those resolutions that contradict the transformation should be resolutely canceled. We will not be able to advance without this, comrades. Genuine centralism in management has nothing to do with a bureaucratic regulation of the multifaceted life of production, research [nauchnyy] and design collectives. The system that has formed over many years of entangling them in farfetched instructions and methods deprives managers and developers of the possibility to promptly solve the arising economic and technical questions.

This results in missed profits amounting to many billions of roubles on the scale of the country. We encounter such phenomena at every step. The Director General of the "Kriogenmash" research-and-production amalgamation V.P. Belyakov, the Director General of the "Elektrosila" amalgamation B.I. Fomin, the chief designer from the "Zavod Imeni Vladimira Ilicha" amalgamation V.I. Radin and many other experienced managers, scientists and developers have written about them.

Order must be installed here and concern shown for a real expansion of the rights of work collectives. This requires the quickest completion of the draft law on the socialist enterprise (production amalgamation). This document should be based on the concept of the new conditions of economic management, sum up the experience accumulated lately, consolidate all the best connected with the implementation of the course of the utmost expansion of economic independence, of raising the role and responsibility of enterprises and production amalgamations.

Thereby we will set the beginning for the optimum distribution of rights and duties among ministries and enterprises, legislatively protect work collectives from petty tutelage and administration by fiat, and from unjustified interference in their day-to-day economic activity. And this, comrades, will mean a serious step forward in democratising the management of our economy and developing the initiative of working people.

As you know, the 27th congress set the task of really mastering economic methods of managing the national economy. In this connection we will have to ensure, first of all, the drafting of progressive standards and quotas. The State Planning Committee should head this crucial work and draw into it ministries and agencies, scientists, specialists of amalgamations and enterprises on a broad scale. Moreover, this work should not be dragged out.

Without creating substantiated economic standards we will not rid ourselves of the yoke of all sorts of instructions fettering the performance of enterprises, it will be difficult to move from administrative methods of management to economic ones. This will slow down the application of the principles of work without state subsidies and self-financing that we intend to use more widely.

And, finally, mention should be made of the key importance of price-forming in developing economic methods of management. Many unsolved questions have accumulated here. Prices of machinery and equipment and estimates of the cost of construction are raised under the pretext of modernization. Changes in the product mix and the pursuit of "gross" often bring about an unjustified increase of prices of consumer goods as well.

Regrettably, state and economic bodies too often look the other way and quite often turn out to be interested in increasing volumes of production by "playing" with prices. Checks showed that last year alone more than R100 million of profits unlawfully received by enterprises were seized and directed into the budget for violations of the price-setting regulations.

I would like to warn, comrades, that this is an extremely dangerous trend. Artificial jacking up of prices does not cure economic ailments, it only depraves workers and puts a brake on technical progress. Exaggerated prices based on the input approach conceal shortcomings in technology and the organization of production, generate a disdainful attitude toward the search for economic methods of management.

Price increases are justified only if they are due to a substantial improvement of the consumer qualities of commodities and a higher effectiveness of products. We must introduce order in price-forming. The State Committee for Prices must take a more clear-cut and principled stand here. Questions of perfecting crediting and first of all banking are also ripe. As we switch to new methods of management we must raise the role of the bank as a key organ of economic management.

I would particularly like to point out a problem which we need to solve in order to successfully attain the task of introducing resource-saving technologies and overcoming the input-oriented nature of the economy. I am referring to the notorious "gross". Assignments in terms of gross indicators of various forms play a major role in assessing the performance of industries, regions and enterprises. Since this is so, costly materials are often used for the sake of increasing this "gross", the weight of machines is beefed up, ton-kilometres are chalked up, the intra-enterprise turnover is inflated, etc. We are fighting for efficiency but look at the really stupid situation in which economic managers find themselves: They manufacture a cheap product and are dressed down for failing to meet the target assignment in terms of roubles, they introduce a novelty, save resources and again it turns out that they have placed their enterprises and sometimes even the whole industry in a tight spot.

I will give you the following example. An economic experiment at motor transport enterprises of a number of ministries was started 2 and 1/2 years ago. The participants in the experiment began planning their work in such a way as to interest people not in ton-kilometres but in the timely delivery of all ordered freight with the least outlay. The causes prompting managers to pad their accounts with non-existent tons and kilometres were removed.

Here are the results: The fulfillment of orders, this key indicator of work, rose to 100 percent. At the same time demand for motor vehicles and drivers declined and fuel expenditure dropped by 18 percent. The introduction of such conditions of work on the scale of the country will free thousands of motor vehicles and drivers and save more than five million tons of motor fuel.

The planning bodies, it would seem, should embrace the new method of work. Far from it. Certain high-ranking officials of the State Planning Committees of the USSR and the Russian Federation began to defend the outmoded planning systems with might and main, as the saying goes. The matter is that the earlier planned "gross output" and the volumes of transportation turned out to be exaggerated. Planners did not want to admit that these estimates were useless. Here is an example of non-acceptance of the new, the reluctance to deal with the restructuring of the economic mechanism and to renounce the outdated methods of work.

Gross output indicators still dominate in many sectors. Moreover, efforts are being made again to revive the "gross output" as the main evaluating indicator, say, in construction and not without approval from the USSR State Planning Committee and the USSR Ministry of Finance. This is happening despite the fact that the experience of the leading building organizations testifies to a different thing -- this work should be evaluated and encouraged on the basis of finished products, the commissioning of projects, not on the basis of the amount of construction and assembly work. I believe, comrades, that the time has come to unravel this "gross output tangle," otherwise we will not be able to move ahead along the road of overcoming the input mechanism.

Considering questions of management, it is impossible not to mention the responsibility of the USSR State Planning Committee for the solution of national economic problems advanced by life itself. Conceived at its founding as the think tank for managing the economy, the State Planning Committee continues to perform the traffic controller's functions in many respects. Frequently it is dealing with matters that top industry executives, and perhaps even directors of enterprises, can sort out. At the same time it does not perform the main function of the strategic planning body of the country.

Routine business prevents planners from seeking ways for resolving the main socioeconomic tasks, choosing proportions and priorities in the development of the national economy, defining the structural policy, locating productive forces and balancing the economy.

This is why we have overlooked many things. Generally speaking, serious restructuring is required in the planning work.

Comrades, discussing questions related to the long-term development of the country and charting measures for the future, we must not lose sight of the current tasks. The successful fulfillment of the plans for this year, and hence, the entire 5-year plan, depends on whether these tasks are tackled correctly. Workers in the countryside have some special concerns today. The results of the current year in the agrarian sector are of exceptional importance for us. As you, know, fairly good results have been achieved in livestock production in the last 5 months. It is important that they be consolidated.

However, the chief task is to grow and take in without losses the grain harvest, fruits and vegetables, fodder and industrial crops. This is the task of nationwide importance. It should be approached as such in everyday work. What is especially important in the existing conditions that are not easy for many regions is to take in and preserve everything that will have been grown, to prevent losses.

A crucial period is beginning in the operation of industry, capital construction and transport. There must be no slackening in the results in their work: Efforts should be made to try and increase the pace of production growth and to fulfill all the plans unconditionally. It is important to get ready in time for the operation in the winter period. We must learn lessons from the past.

Considering this, the CPSU Central Committee and the USSR Council of Ministers passed a resolution a few days ago charting specific measures to prepare the national economy for the forthcoming autumn and winter season.

Even today the attention of the party, state, and economic bodies should be directed toward fulfilling it.

The entire life-sustaining sphere of cities and villages should be set in good order -- the reliable operation of the electric power, and heat supply systems, the repairs to energy generating units and the planned commissioning of new capacities, the timely build-up of stocks of fuel at enterprises and in the utilities should be ensured. In a word, matters should be dealt with in such a fashion as to ensure that the population does not experience discomfort in everyday life under any circumstances, that the work collectives operate in the normal production regime, and the economy develops at a stable pace, gathering momentum.

These, comrades, are considerations on the principled and current questions related to the economic policy -- the questions the solution of which will determine to a decisive extent that fulfillment of the wide-scale program for transforming the national economy in the 12th 5-year plan period. The realization of the assignments of the 5-year plan will become new evidence of dynamism of the socialist system and its vitality, it will become a major step forward in the realization of the policy course charted by the 27th CPSU Congress.

III.

Active Efforts To Restructure Party Work

Comrades, when the case in point was the destiny of the country, the solution of questions of vital importance for its present and future, Lenin emphasized: "The party is responsible."

Ours is the ruling party, it has in its hands mighty levers for influencing social processes. The theory and the policy; the ideas and the strength of the organization; millions of communists in production and management, in science, technology, and culture -- such is the mighty potential of the party.

The activeness of millions of working people, the scope and depth of people's creative endeavour -- the decisive factor of acceleration -- in many respects depend on how party organisations operate. Only by placing the human being at the center of party work shall we be able to solve the tasks set by the congress. The principle meaning of the radical restructuring of party work is precisely in turning to people, to real work.

What has been shown by the months that have passed since the congress? The ideas of restructuring have been appreciated by a majority of party cadres and are beginning to manifest themselves in practical activities. A new atmosphere of relationships between local and central party, government and economic bodies has developed. Many practical matters are tackled quicker, with a greater understanding. We have mounted another step in matters concerning frankness and punchiness in the way problems are put and in the level of criticism and self-criticism.

Moscow, Leningrad, Kiev, Minsk, Donetsk, Chelyabinsk, Sumy and Tatar party organisations are engaged in the intensification of production profoundly and on a large scale. Matters aimed at developing the economy and social sphere are being tackled energetically and purposefully by the Communists of Brest, Volgograd, Ulyanovsk, Kharkov, Irkutsk, Lipetsk, Rostov, and many other regions, territories and republics.

Important steps are being made by all party organizations. The very quest for new forms and methods of work that would accord with the present time is not proceeding easily. One has to encounter such notions that the guidelines voiced at the congress apply to the sphere of big politics and that practical work should proceed along its own course, keeping to the beaten track. One should say that such sentiments are still growing in the party circle.

Take, for example, the Kursk regional party organizations. The spirit of creative attitude to work, of criticism and self-criticism has by no means penetrated all districts there. The domineering style of work proved exceptionally tenacious. For example, in the Oktyabrskiy district committee of the party, Comrade V.A. Anipologov, first secretary, and some other party workers, held a negative view of criticism, sheltered 'convenient' people and tried to conceal failures. In order to color the real state of affairs they quite often induced economic managers to resort to report-padding, and had little concern for the development of the initiative of the party organizations, for the labor and social activity of people. Comrade M.S. Shevelev, secretary of the party organisation of the "Krasnoye Znamya" collective farm, wrote about all this to a central newspaper.

The fallacious methods of work could not be unknown to the regional committee of the party. But, obviously, the bureau and the first secretary of the regional committee, Comrade A.F. Gudkov, did not rise to the occasion. The regional committee did not stint the most flattering references about Comrade Anipologov, referring to him almost as an example to others. When the Central Committee instructed the staff to look into the state of affairs over there, it turned out that what Comrade Shevelev had written was the pure and simple truth, and the opinion of the leaders of the party's regional committee turned out to be untenable.

In the end, the story was rounded off by the members of the district committee who brought in a vote of no-confidence in Comrade Anipologov and decided to relieve him of the secretaryship. Why did the regional committee fail to notice in time and duly assess the unfit style of the work of the secretary of the district committee, the situation that had developed in the district party organization? Apparently, the secretaries of the party's regional committee themselves and the committee's bureau are not in a hurry to reorganize their work. They still adhere to the obsolete style when the initiative of working prople did not get proper support.

After the congress, Soviet people show increasing interest in what the party does and in the processes taking place in society. They want to find their place in the countrywide striving for the realization of the ideas advanced at the congress and want to make their contribution to the restructuring. This is illustrated by numerous letters that come in to the Central Committee and to the editorial offices of newspapers. Some of these letters you hold in your hands. It would seem that the task of the party committees is utterly clear: It is essential to support the social and labor activity of people in every way. But in many places everything remains as it was: Initiative encounters a wall of indifference and, at times, overt resistance.

At the Irbit Chemical and Pharmaceutical Plant in the Sverdlovsk region, the Party Bureau together with the management and with the backing of the party's city committee, dealt with a shop superintendent who advocated the introduction of advanced forms of organization and remuneration of labor. The initiative of a Communist, a resourceful person, encountered red tape. We deemed it necessary to discuss this fact, in view of its exceptional importance, at the CPSU Central Committee. You know what decision the Secretariat of the Central Committee took on this matter. I think that not only Sverdlovsk residents should learn a lesson from this instance.

The congress directed the party committees to master political methods of guidance. However, the striving of party bodies to assume managerial functions continues unabated. Just listen to what some party leaders say. They readily and with expertise speak of the current economic campaign, of milk yields and weight gains, tons, and so on, but are quite often at a loss when the conversation turns to a political analysis of social phenomena, of socio-economic tasks, scientific and technical problems, and of human resources.

Frankly speaking, we should reorganize and get rid of the elements of administration by fiat at all levels -- from primary organizations to the central committee staff. Only comprehensive political, organizational and ideological activities at all levels of party leadership will ensure the accomplishment of the tasks set by the congress.

An increase in the primary party organizations' capacity for action is acquiring particular importance in this connection. We have nore than once become convinced of their inexhaustible resources. I would say that we should begin restructuring work precisely by developing independence, self-action, vigor of primary organizations, initiative and activity of communists. This is the main element that should be tackled in real earnest.

This must be done by the party's district and city committees which are closest to work collectives, and know the energies and resources of primary party organizations. We have got quite a number of party committees at district and city levels which, in the new situation, give greater scope to the initiative of the cadres and shift the center of gravity to control of their work by the grassroots, by the public and the press.

At the same time, there is still gravitation to customary methods of management, and control, rather. All that, comrades, was practiced at one time because there was a need for it and because of the need for compensation for flaws in the economic machinery. At present, such practice is not only unnecessary but it is harmful, too. One should more boldly renounce a controller's functions. The work collectives and people are the main spheres of the activities of the secretary and of members of the district committee of the party.

Lately I had many meetings and conversations with the directors of enterprises, workers, engineers, and the secretaries of party committees, and they all agree that possibilities for resourceful work get broadened slowly. Red tape -- which is wedded to administrative fiat and which is a determined opponent of broad participation of the masses of people in managerial affairs -- makes itself felt.

Take, for example, managerial bodies. When one gets directly acquainted with their activities, one can see that certain ministers, directors of main administrations and enterprises, have altogether lost the habit of speaking to one another, and of establishing direct business contacts, and that everything is limited to correspondence. Or is it that comrades are unable to telephone one another, to meet and to solve matters, or is that an attempt to shield oneself from responsibility by means of a document?

This applies, to a certain extent, to party bodies. For example, the Tashkent City Party Committee and district committees of the city within a space of four months sent 50-100 percent more decrees to primary party organizations than over the corresponding period last year. One can come across such excessive reliance on correspondence in other places as well.

Unnecessary paperwork is far from being a technical question but is a political one. Just see what any inspection is limited to: the study of information, tables, the minutes, and plans of activities,, and to finding out whether the matter was discussed and whether an appropriate decision was made on it.

To put it in a nutshell, there is the habit to work with paper, and not with people, and to view people through paperwork. But how people work, live, what they think of, what are their problems and attitude of mind -- all that remains as if excess. But the essence of party work lies in knowing all that.

There will be no restructuring if an atmosphere of intolerance to drawbacks, to stagnancy in work, to ostentation, and idle talk is not established within the party and in all its organizations. This is why we must enhance criticism in the spirit of the congress. What we need is a principled criticism, which is directed to an exact address, and which reveals the causes of shortcomings and omissions, and ways to remove them, the criticism that upholds the spirit of concern, and of sound dissatisfaction with what has been achieved.

Comrades: The concept of acceleration is inseparable from an energetic cadre policy. The plans for the 5-year period envision fundamental measures in the field of personnel training and the development of a system of continuous education. All of them are directed at providing professionally competent workers for every area of material production, and cultural and intellectual life.

This task is being tackled not only in educational establishments, where we have initiated deep-going reforms. Our time demands that everyone continuously update his or her knowledge, improve his or her skills and broaden his or her ideological, political, scientific, technological and economic horizons. Otherwise one cannot efficiently use advanced technology or be a knowledgeable manager and a skilfull administrator.

Special importance is attached today to work with senior managers and officials, called upon to organize restructuring in the areas entrusted to them. By the April 1985 plenary meeting, as you know, we had quite a few unresolved cadre questions piled up. That situation drew criticism from both communists and non-party people. The Central Committee made proper conclusions. Many well-trained and mature Communists, who had shown their mettle in practical grassroots work and who well understood the current situation, were advanced in the election campaign. The placement of cadres should continue to be improved.

Speaking in Tolyatti, I noted that new work is being unfolded to accelerate scientific and technological progress, people with an innovative spirit should be particularly valued, all the more so since we are urging everyone to act rather than to sit back waiting. One cannot help seeing that a man with initiative often comes into conflict with outdated regulations, that do not meet new tasks. Everything possible should be done to ensure that questing, creative people do not find themselves in a difficult situation and suffer defeat. This is not an abstract discourse.

I would like to illustrate what I have just said with one outrageous example. There is in Cherkassy a plant of the Ministry of the Electrical Engineering Industry and a research institute working in the same field. The institute, which was headed by Comrade A.I. Chabanov, developed machinetools of a new type and control systems for them. The machinetools won praise at international exhibitions and orders began to come in for them from our plants and from abroad.

Meanwhile, the plant, which should have been the first to put to use those achievements, stubbornly ignored new technology. And when last July Comrade Chabanov had been appointed a temporary acting manager of the plant, he, without waiting for approval of specifications for new products, decided to go ahead with their production. Advanced technology was launched and the finances of the plant were improved. But there came four people who began to complain that the new manager had breached the regulations and padded his reports. So what did the ministry and the party regional committee do?

One cannot say they acted in the spirit of innovation. The manager was relieved of his duties and the case was turned over to the investigating bodies. The CPSU Central Committee and the procurator general had to interfere to sort things out. No violations or crimes were found. The matter seemed to be clear.

But even after the truth had been resorted, the party bureau expelled Comrade Chabanov from the party. [The Moscow Domestic in Russian 0500 GMT on 17 June account of Gorbachev's report, renders the phrase as follows: the party bureau of the institute, with the knowledge of the local party organs, expelled Comrade Chabanov] Moreover, when the Communists took his side and sent a letter to the congress, it never reached Moscow because the local authorities intercepted it at the post office.

Here is, comrades, the sort of facts that one comes across. We turned the case over to the party Control Committee. Justice has now apparently been restored. But the question to ask is: where was the regional party? Could it not have promptly grasped the essence of that case and prevented a breach of Soviet laws and the victimization of a Communist?

We should state at our plenary meeting with all principledness that the party committees are called upon to protect the honor of the party rather than the honor of rank. Everything is important in party work, not the least is the way a person is met at the party committee, the way he is talked to, the way the questions that trouble him are settled and, finally, the rule the party committee plays in determining his fate.

What still happens is this. A Communist voices his personal opinion in a city or district party committee or shares his doubts, but instead of giving him a substantive answer, they say: "Do not forget your place." And what is that place? It is his home. Where else should he take his problems and concerns if not to his party committee? And he has every right to count on sensitivity and attention rather than on a high-handed reception because party comradeship is a Bolshevik standard of relationships among Communists regardless of rank or title.

The spirit of comradeship should pervade our entire party life. Making stricter demands on one's performance of one's duties, it is necessary always to draw a clear distinction between party principledness and dressing-down that denigrates human dignity. Deviations from this rule -- and we know of such cases -- crush the human soul, sow uncertainty in the body of workers, and depress public interest and activity. We cannot reconcile ourselves to such things.

We should continue to work perseveringly and timelessly to ensure that a healthy atmosphere in our society gains ground and puts down deep roots. I would say in this context that the war on drunkenness and alcoholism remains among our most urgent tasks. We should take guidance in this war from public opinion rather than from those who are addicted to alcohol. We have assumed the commitment to our entire people to wage a resolute battle on drunkenness and it is our party duty to fulfill this mandate from the Soviet people.

We also should fulfill the mandate on stepping up the war on unearned income. The recent major resolutions on this matter were welcomed by society with satisfaction. They should be implemented in practice so that, while rooting out this phenomenon, which is alien to socialism, they contribute to improvements in the living conditions of the working people.

To sum it all up, comrades, we should strictly respect our main socialist principle, that is, support and encourage in every way honest and conscientious work and wage uncompromising struggle against all parasitic elements, those who would like to live at the expense of others, at the expense of society.

We should proceed from the fact that as problems in the social, economic, and spiritual fields grow more complex, the demands on ideological work will also grow. I would like to note today the great contribution that is being made by the press, television, radio and the other mass media to ward the process of restructuring. They are doing a good deal to broaden publicity, to translate the theory of democracy in our society into practice, and to raise serious, socially meaningful problems. It is especially important today for our press to detect sensitively the shoots of everything new and advanced generated by restructuring in every area of life and to help put them within the reach of society as a whole. Objectivity, high exactingness and responsibility of the mass media are inviolable principles of the party press, which guarantee its authority.

The newspaper is the face of the party committee, it reflects the style and methods of its work, its standards of leadership, and its attitude to every outstanding problem. If the party committee restructures itself, the press follows suit. I would like to draw your attention to the fact that the degree of publicity and effectiveness in many local newspapers is still far below that in the centrally-published press. As an analysis of this matter shows, this depends directly on the position of the party committees. Hence the need for correct, self-critical conclusions both in the party committees and in the editorial offices. I am certain that they will be made.

In short, we count on the further activization of the ideological front, on the organizing strength of truthful ideas, which rally together millions in pursuit of a common cause.

IV.

On the Results of the Budapest Meeting of the Political Consultative Committee

Comrades. Allow all men now to move to the second item on the plenary meeting's agenda.

The documents of the recent regular meeting of the Political Consultative Committee (PCC) of the Warsaw Treaty member countries have been published. What would one like to say about the importance of the PCC meeting? First of all, it must be pointed out that the meeting was held immediately after a number of congresses of fraternal parties. So, the foreign policy guidelines of the supreme party forums became, naturally, the focus of collective discussion. That gave a larger-scale character to the meeting and pre-determined the emphasis on matters of strategic, global nature.

It was particularly emphasized that the course of accelerating socioeconomic development taken by our party and by other fraternal parties aroused a broad international response and will be having an increasing effect, as it is implemented, on the entire course of world social development. It was pointed out that this is precisely what worries our class adversary most of all.

There was an exchange of views on the course of events in Europe and in the international arena over the period of time that had passed since the Sofia PCC meeting and the Soviet-U.S. summit meeting in Geneva. All comrades were unanimous that the situation remained complex and that there were no grounds so far to speak of relaxation of tension.

You know about the steps that we took to secure the positive line originated in Geneva would not disappear or get dissolved in the whirlpool of international life. They include a concrete plan for the elimination of nuclear weapons by the turn of the century, a moratorium on nuclear explosions, and proposals on the destruction of chemical weapons. Our initiatives have worked and will continue to work for an improvement of the international climate.

But it is precisely the prospect for relaxation of tension that is being viewed in the West and, first of all, by the reactionary ruling upper crush in the United States, as a threat to their interests. The most recent weeks and months have seen a series of rejections of Soviet proposals on cardinal matters of present-day development: the refusal to end nuclear tests, the reunification of the existing agreements on strategic arms, and the refusal to keep outer space weapon-free. Added to that should be unwillingness to conduct negotiations in good faith in Geneva and Vienna.

Presumptuous disregard for the interests of all countries of Europe, and not only of Europe, manifested itself in Washington's actions in Bern where, as a result of them, the reaching of important accords on human rights was frustrated.

It is only through total non-acceptance of present-day realities that one can explain the banking of the U.S. leaders on brute force, on the nuclear fist, on terrorist piracy profusely blended with ideological intolerance and hatred. They continue to assess the present-day world situation in terms of "star wars" and nuclear warheads, the arms race and militarist blackmail, thus undermining ever more the security of the entire world and of their own country.

It is becoming even more apparent that the true threat to U.S. security emanates not from external forces. The threat, and a substantial one at that, is being posed by that country's military-political elite, its adventuristic behavior in the world arena.

The 27th CPSU Congress proposed sensible ways of resolving the problems facing mankind. Our objectives are clear in the extreme. They are: acceleration of the country's social and economic development, broad international cooperation that benefits all, disarmament and elimination of nuclear weapons, and peace for mankind. Hence our political course both inside the country and in the international arena. The more people on earth who know the truth about the Soviet Union's policy, the more supporters of this course emerge.

This is precisely what is worrying the ruling circles of imperialism. They regard the Soviet initiatives as a formidable obstacle in the way of the implementation of their imperial designs aimed at world domination and social revenge. Unable to offer the peoples a peaceful, historical alternative that would meet the interests of all, they are whipping up militarist psychoses which they think can freeze historical progress and help them preserve economic and political power. Moreover, they pin hopes on the possibility, however illusory, of hindering the implementation of our plans, impeding the development of the socialist countries, pushing us off from the course of the 27th CPSU Congress, and keeping us in the constraints of the arms race.

It stands to reason, comrades, that the prime aim of our foreign policy should be the frustration of these dangerous plans. The Soviet Union will further persistently implement its initiatives that accord with the cherished hopes of our people, all peoples in the world. But we will never allow a nuclear-missile superiority of the United States. And here our Leninist foreign policy course, our defense might rest on the reliable basis of the strategy of accelerating socio-economic development that was worked out by the party and got its detailed reflection in the draft 12th 5-Year Plan that we are discussing.

The destiny of peace must not be handed over to imperialism, we must not allow the imperialist reaction to succeed in imposing a strengthening of the military-political confrontation on mankind. This would signify only one thing -- sliding down to nuclear war. This conclusion was heard in the speeches of all the participants in the PCC meeting. We discussed with our friends the situation taking shape at the Geneva talks with the United States.

The following question has now arisen: Should we continue marking time at the Geneva talks, altercating with the Americans, something that fully suits them, or search for new approaches, making it possible to clear the road to a reduction of nuclear arms? Having firmly decided to adhere to the course of searching practice for a mutually acceptable agreement in Geneva, we offered the Americans the following intermediate variant:

A. Agreement is reached to not withdraw from the ABM Treaty for at least the next 15 years. Work in the field of the SDI is limited to laboratory research, that is the threshold that the United States has already actually approached;

B. The strategic offensive arms (ICBMs, SLBMs and heavy bombers) are limited by equal ceilings. In this case the question of medium-range weapons reaching the territory of the other side, including long-range, land-based cruise missiles, is solved separately.

This variant demonstrates once again the Soviet Union's striving for mutually acceptable accord. Although, of course, we would have preferred to attain agreement at once on a radical, 50 percent reduction of strategic offensive arms capable of reaching each other's territory.

We have also submitted a draft agreement on medium-range missiles in Europe. We agreed that in the event of a zero ratio between the Soviet Union and the United States in this type of arms, the British and French nuclear missiles should remain in the European zone in their present number. We have also stated that we would not increase the number of medium-range missiles in Asia.

In other words, the Soviet Union has made new steps, facilitating the search for mutually acceptable accords at the Geneva talks. Time will show the attitude of the United States to this. In any case it should be clear: If the American side ignores our initiatives again this time, it will become obvious that the present U.S. Administration is engaged in an unseemly game in a most serious matter on which the future of mankind depends.

The problem of ending nuclear tests has acquired a special acuteness now. To a certain extent this is also a result of the accident at the Chernobyl nuclear power plant. This accident showed that even a small ejection of radioactive substances brings misfortune and alarm to thousands of people.

As they expressed their sincere sympathy and offered their unselfish assistance to us, all honest people saw in this accident a much more serious danger.

They ask themselves and others: What will happen if the military atom gets out of control -- accidentally or with evil intent? An explosion even of one nuclear bomb would become a far more terrible tragedy for the peoples of many countries. This is what people on earth ponder ever more profoundly.

The United States of America is assuming the gravest responsibility to mankind by refusing to end nuclear testing and join the Soviet moratorium. The world is alarmed by U.S. behavior, but the seriousness of the situation also calls for doubling and tripling the effort in favor of ending all nuclear tests and eliminating nuclear weapons.

The misfortune of Chernobyl is our misfortune. We will be able to overcome it. We thank everyone for their sympathy and assistance in connection with the incident -- our thanks are sincere and profound.

But let Chernobyl, as well as other instances when the atom stopped obeying man, serve as a stern warning to those who do not yet fully realize the nuclear menace looming over the world, who still regard nuclear weapons as a means of politics.

I would like to dwell separately on the new Soviet-American summit meeting. We are in favour of dialogue with Washington.

But how is the U.S. Administration acting? It is sabotaging the disarmament talks and has declared its intention not to comply with SALT II saying it was "dead"! Actions still further aggravating the international situation are being undertaken throughout the world. We are not slamming the doors shut: A new meeting with the U.S. President is possible. But, clearly, it requires an atmosphere that would open up prospects for reaching real agreements. We have said this to President Reagan and to the entire world. This position evokes understanding among friends.

The legitimate question arises: Do they in Washington want a new meeting? Or is the talk about it merely an attempt to delude world public opinion?

The PCC meetings' significance is largely determined, as is known, by the new initiatives they advance. Central to the Budapest meeting was the jointly-elaborated, detailed proposal for reducing conventional armaments and armed forces in all of Europe -- from the Atlantic to the Urals. Its content is known to you -- the point at issue is the 25 percent reduction of the armed forces of both sides in the coming years. It discards the speculative reasoning that nuclear disarmament in Europe, while preserving at the current level conventional armed forces, would be to the disadvantage of the West European states. Indicatively, the West has not found it possible to dismiss the proposal off-hand.

Several other important initiatives were agreed on in Budapest. The idea was approved to pool the efforts of all countries to develop the peaceful use of outer space and create a special international organization for these purposes, set out before the meeting during the speech in Csepel. This idea already found its expression in the proposal sent to the U.N. general secretary. The question of the continued advancement of the concept of establishing a comprehensive system of international security was discussed.

Special mention should be made of the lively, constructive atmosphere of the Budapest meeting.

All comrades -- and these are the signs of the time -- viewed the concrete issues in the light of the common foreign policy strategy of the allied socialist states. In brief, Budapest revealed the unity and creative cooperation that is enriching socialism's international policy and is lending greater weight to its actions in the world arena.

All participants in the conference noted with satisfaction that the work of the supreme body of the Warsaw Treaty became more dynamic and prompt. The decisions adopted in Budapest are a major contribution of the socialist countries to the struggle for improving the international situation.

In general, comrades, we have and will continue to apply maximum efforts to preserve and consolidate peace. In this noble undertaking, we experience active support for our position from friends, all peace-loving forces on earth.

Comrades, such are the main lessons and conclusions of our post-congress development, which we must absorb in full measure to advance with success.

Such are the home and international conditions in which we have started implementing the decisions of the 27th CPSU Congress.

The political task of the 5-year period is to restructure our economy, create a modern material and technical base to ensure the faster development of Soviet society, and a solution of major social tasks and reliable defense of the country. Time will not wait for us. Everything that we have planned must be done in time, for the point at issue is the might and prosperity of our power, the positions of socialism in the international arena and the consolidation of peace throughout the world.

We are approaching a memorable date -- the 70th anniversary of the Great October Socialist Revolution. Our common patriotic and internationalist duty is to mark the remarkable holiday by making rapid economic and socio-political advance by achievements and successes worthy of the land of the October Revolution.

I think that it is necessary on behalf of the plenary meeting to call on all working people to widely develop nationwide socialist emulation for the successful attainment of the planned targets of the 12th 5-year period, and to transform the bold plans into the energy of practical actions. The Central Committee is calling on each Soviet worker to take part in the emulation, to be an active front-ranker of the 5-year plan period, and to make a tangible personal contribution to the common cause at his or her workplace.

The attention of the party committees and of all party organizations should be focused on how to tackle the tasks set by the congress and how to conduct political, economic, organizational, and educational work to attain the planned targets of the 5-year period and to exceed them. Herein is the highlight of the moment. Therefore, there must be more analysis, more action, efficiency, less talk in general terms, and less allusions to objective circumstances.

From each leader and from each Communist the party awaits real deeds leading us ahead along the projected road, and not only vows and assurances. The Central Committee will support the initiative and innovatory quest of party organizations, work collectives, ministries and departments aimed at achieving the best results. To act with initiative, persistently, energetically, and with a high sense of responsibility is what life today requires of each and all of us. I am confident that the appeal of the plenary meeting will find understanding and response among the working class, peasantry, and intelligentsia, and will be embodied in the heroism of the everyday, routine work of millions of people. This decides everything, comrades!

The report was listened to with great attention and greeted with prolonged applause.

REPORTAGE ON SUPREME SOVIET SESSION

Gromyko Chairs Presidium Session

PM181148 Moscow IZVESTIYA in Russian 18 Jun 86 Morning Edition p 1

[TASS report: "USSR Supreme Soviet Presidium Session"]

[Text] A regular session of the USSR Supreme Soviet Presidium chaired by A.A. Gromyko, member of the CPSU Central Committee Politburo and chairman of the USSR Supreme Soviet Presidium, was held in the Kremlin 17 June.

The Presidium examined questions connected with the holding of the 5th session of the USSR Supreme Soviet, 11th convocation.

Proposals for the agenda and procedure of the session of the country's supreme organ of state power were discussed and approved.

The USSR Supreme Soviet Presidium heard a report on the conclusion of the work of the Plan and Budget and other standing commissions of the USSR Supreme Soviet chambers pertaining to the preliminary examination of the State Plan for the Economic and Social Development of the USSR in 1986-1990. On the instructions of the chambers' standing commissions, the report was delivered by V.A. Masol, chairman of the USSR Supreme Soviet Soviet of the Union Plan and Budget Commission.

The session discussed the question of the submission for approval by the USSR Supreme Soviet of decrees adopted by the USSR Supreme Soviet Presidium in the period between the fourth and fifth sessions of the USSR Supreme Soviet.

Other questions relating to state affairs were also discussed.

Kuznetsov Leaves, Demichev Joins Presidium

LD180921 Moscow TASS in English 0851 GMT 18 Jun 86

[Text] Moscow June 18 TASS -- On the instruction of the Political Bureau of the CPSU Central Committee and also the Councils of Elders of both chambers of the USSR Supreme Soviet, Member of the Political Bureau, Secretary of the CPSU Central Committee Yegor Ligachev submitted proposals on changes in the Presidium of the USSR Supreme Soviet, at a session of the supreme body of state power, which opened here today.

He said that Vasiliy Kuznetsov had requested to relieve him of the duties of the first vice president of the Presidium of the Supreme Soviet of the USSR in connection with his retirement on pension for health reasons. The CPSU Central Committee, the Presidium of the Supreme Soviet of the USSR recommends that Petr Demichev be elected to the post of first vice president of the Presidium of the USSR Supreme Soviet.

"Petr Demichev has long been a member of the party's guiding bodies, he is an alternate member of the Political Bureau of the party Central Committee, minister of culture of the USSR", the speaker said. "Earlier, Petr Demichev was first secretary of the Moscow city committee of the party, secretary of the party central committee.

He has considerable experience as a party leader and a statesman. He is characterised by a responsible attitude to what he does, modesty and other personal qualities necessary for successful work in the new post".

Yegor Ligachev also made a proposal to relieve Ivan Polyakov, Khalilov Kurban-Ogly and Bapken Sarkisov of the duties of vice-presidents of the Presidium of the USSR Supreme Soviet in connection with retirement and Ivan Kalinin in view of his appointment as chairman of the Council of Ministers of Moldavia.

The party and government bodies of the republics of Belorussia, Azerbaijan, Moldavia and Armenia proposed to elect presidents of the Presidiums of the Supreme Soviets of these republics: Georgiy Tarazevich -- the Belorussian Soviet Socialist Republic, Suleyman Tatliyev -- the Azerbaijan Soviet Socialist Republic, Aleksander Mokanu -- the Moldavian Soviet Socialist Republic, and Grant Voskanyan -- the Armenian Soviet Socialist Republic, as vice presidents of the Presidium of the USSR Supreme Soviet from these republics.

Yegor Ligachev furthermore said that Deputy Lev Zaykov is now a member of the Political Bureau of the Central Committee and secretary of the party Central Committee. It was proposed to relieve him of the duties of a member of the Presidium of the USSR Supreme Soviet in view of the need to concentrate on fulfilling the duties of the secretary of the party central committee.

Yegor Ligachev also submitted a proposal that Viktor Grishin be relieved of his duties of a member of the Presidium in connection with his retirement.

It was proposed that Deputy Boris Yeltsin, alternate member of the Political Bureau of the CPSU Central Committee, first secretary of the Moscow Party Committee, and Deputy Yuriy Solovev, alternate member of the Political Bureau of the CPSU Central Committee, first secretary of the Leningrad regional party committee, be elected members of the Presidium of the USSR Supreme Soviet.

Deputies of the Soviet parliament accepted those proposals.

Text of Ligachev Speech

LD180938 Moscow Television Service in Russian 0630 GMT 18 Jun 86

[Report on the opening of the Supreme Soviet Session, from the "Novosti" Newscast]

[Text] In Moscow today in the great Kremlin Palace, the 5th session of the 11th convocation of the USSR Supreme Soviet began work. The deputies and guests greeted Comrade Gorbachev and other leaders of the Communist Party and Soviet state with stormy, prolonged applause. The session was opened by Deputy Tolkunov, chairman of the Soviet of the Union of the USSR Supreme Soviet. The agenda and order of the session's work are unanimously approved. The deputies are to examine issues connected with changes in the composition of the Presidium of the USSR Supreme Soviet, and the state plan for the economic and social development of our country for the 12th 5-year plan. They are also to confirm the decrees of the Presidium of the USSR Supreme Soviet. On the first question on the session's agenda, Deputy Ligachev, member of the Politburo of the CPSU Central Committee and secretary of the CPSU Central Committee, spoke:

Respected comrade deputies: Permit me, on behalf of the Politburo of the Central Committee of the Party, and also of the Council of Elders of the Soviet of the Union and the Soviet of Nationalities, to present for your examination proposals for changes in the composition of the Presidium of the USSR Supreme Soviet. They were approved at a plenum of the Central Committee of the Party.

Comrade Vasiliy Vasiliyevich Kuznetsov has requested to be released from his duties as first deputy chairman of the USSR Supreme Soviet Presidium in connection with his retirement on health grounds. The Central Committee of the party and the USSR Supreme Soviet Presidium recommends that Comrade Petr Nilovich Demichev be elected to the post of first deputy chairman of the USSR Supreme Soviet Presidium. Comrade Petr Nilovich Demichev has formed part of the leading bodies of the party for a long time; he is candidate member of the Central Committee Politburo of the party, and is USSR minister of culture. Previously he worked as first secretary of the Moscow Obkom and Moscow Gorkom of the party, and secretary of the party Central Committee. In a word, he has considerable experience of party and state activity. A responsible attitude to the job, modesty, and other personal qualities essential for successful work in his new post are characteristic of him.

Comrade deputies: The proposal is put forward to release from their duties as deputy chairman of the USSR Supreme Soviet Presidium the Deputies Polyakov, Ivan Yevteyevich; Khalilov, Kurban Ali Ogly; Sarkisov, Babken Yesayevich; all in connection with their retirement; and Comrade Kalin, Ivan Petrovich, in connection with his appointment as chairman of the Council of Ministers of the Moldavian Union Republic. As deputy chairman of the Supreme Soviet Presidium of the Union from Belorussia, Azerbaijan, Moldavia, and Armenia, the party and local soviet bodies of these republics propose the election as chairmen of the presidiums of the Supreme Soviets of the Belorussian SSR, Deputy Tarazhevich, Georgiy Stanislavovich; of the Azerbaijan SSR, Deputy Tatliyev, Suleyman Bayram Ogly; of the Moldavian SSR, Deputy Mokanu, Aleksandr Aleksandrovich; of the Armenian SSR, Deputy Voskanyan, Grant Mushegovich.

Comrades: We must also examine the question of certain members of the USSR Supreme Soviet Presidium. Deputy Zaykov, Lev Nikolayevich, as is well known, was elected to membership of the USSR Supreme Soviet Presidium while he was first secretary of the Leningrad Obkom. He is now a member of the Politburo and secretary of the CPSU Central Committee. A proposal is being made to release Comrade Zaykov, Lev Nikolayevich, from the duty of member of the Presidium of the USSR Supreme Soviet, in connection with the necessity for concentrating on fulfillment of the duties of secretary of the Central Committee of the Party.

It is also being proposed that Deputy Grishin, Viktor Vassilyevich, should be released from the duty of member of the Presidium, in connection with his retirement.

It is proposed that deputy Yeltsin, Boris Nikolayevich, candidate member of the Politburo of the Party Central Committee and first secretary of the Moscow Gorkom, and Deputy Solovyev, Yuriy Filippovich, candidate member of the Politburo of the Party Central Committee and first secretary of the Leningrad Obkom should be elected as members of the Presidium of the USSR Supreme Soviet. Such are, in essence, the proposals, comrades.

Text of Ryzhkov Speech

LD181025 Moscow Domestic Service in Russian 0800 GMT 18 Jun 86

[Report by Nikolay Ryzhkov, member of the Politburo of the CPSU Central Committee, chairman of the USSR Council of Ministers, on the state plan for the economic and social development of the USSR in 1986-90, at the 18 June Supreme Soviet session]

[Text] Esteemed comrade deputies! The Council of Ministers is submitting the draft 12th 5-Year Plan for examination by the session of the USSR Supreme Soviet. It has been drafted in complete accordance with the decisions of the 27th CPSU Congress. It embodies the provisions of the CPSU Central Committee's political report to the congress, and the main guidelines for economic and social development of the USSR in 1986-90 and in the period to the year 2000. The CPSU Central Committee plenum held on the eve of the session, and the report by Mikhail Sergeyevich Gorbachev, general secretary of the CPSU Central Committee, provided a ramified and detailed analysis of the profound restructuring under way in the party and state, and showed an objective picture of the post-congress development of Soviet society and of the foreign policy situation in the world.

What has been placed in the focus of work by communists and all working people is the tasks of implementing the general course of the 27th congress towards acceleration of socio-economic development, and the putting of all the country's potential into action. From a stance of practically implementing this course, the plenum made an all-round examination of the draft 5-year plan and endorsed it. Proceeding from the special place of the 5-year plan in implementing the party's program aims, new and important goals have been proposed, which are of prime importance for the implementation of the party's economic strategy. The plenum intensified the search for ways to achieve high efficiency. It stressed the immense role of the plan for mobilizing the creative forces and initiative of the masses. It is on the basis of the plans that the energy of the millions in our socialist society is fused into a single stream, aimed toward the achievement of immediate and long-term tasks. It is the plans which provide a clear and constant prospect for the development of each labor collective, each industry and each republic.

Much work has been carried out during the process of preparing the draft plan, at enterprises and associations, in ministries and departments, and in union republics, in order to reveal extra opportunities for acceleration of the rate of growth of output and for enhancement of efficiency, and for fuller satisfaction of public demand. The suggestions and remarks from delegates to the 27th Party Congress and the material from precongress discussion of the draft new edition of the CPSU Program and the draft Basic Guidelines, were thoroughly studied. There has been detailed, exacting and committed discussion of the plan in the permanent commissions of the USSR Supreme Soviet. All of this has made it possible to enrich it with collective wisdom, with the experience of the party and people, and it has become a vivid demonstration of the growing democracy of the Soviet system of plan management. The deputies have materials revealing the contents of the 5-year plan. Allow me to dwell on the key questions of the 5-Year Plan period.

Comrade deputies, in the implementation of the strategy of acceleration of the social and economic development of the country which was worked out by the April 1985 CPSU Central Committee Plenum, and enriched and approved by the 27th CPSU Congress, a particular role goes to the 12th 5-Year Plan period.

It has the task of overcoming the negative trends which became established in the development of the national economy in the seventies and beginning of the eighties, of ensuring a real turning point in all branches of the economy and spheres of activity and a decisive transition onto a path of intensive growth, and at the same time of laying down a firm foundation for further onward progress. The implementation of this policy presupposes in essence a fundamental reconstruction of the national economy understood in the widest possible meaning of that word. It is a matter of transforming qualitatively material production, radically restructuring the structural and investment policy, and reforming the entire management machine, bringing generally into play the human factor, and strengthening the social direction of our plans.

The necessity of solving such large scale and responsible tasks demanded new approaches to working out the 5-year plan, transferring the center of gravity to determining concrete ways of achieving high efficiency of public-sector production. Never before did questions of intensifying the economy and the mobilization of its deep-lying reserves play such decisive roles in the formation of the 5-year plan. Any other, customary approach would mean a return to the former rut of economic life, and would not make it possible to bring the economy to the targets determined by the 27th CPSU Congress.

Allow me to report, comrade deputies, that for nearly all indices of the draft plan, it is envisaged to achieve the upper level of the tasks of the basic guidelines, and for industry to exceed them somewhat for several of the most important social indices. The plan envisages that the tasks will fully ensure the implementation of the main aims of the 5-year plan period, the essence of which is to raise the rates and the efficiency of the development of the economy, and on the basis to achieve a further increase in the well-being of the Soviet people.

The scale of material production envisaged in the 5-year plan will make it possible to maintain at the correct level the defense might of our country.

The concept of acceleration, which lies at the basis of the tasks of the plan, is shown not only in the rates, but also in the substantial increase in the absolute increment of the most important economic indices. The national income, which characterizes the final results of the efficiency of economic activity, is to be increased in the 12th 5-Year Plan period by R124 billion against 79 billion in the last one. In working out the draft plan, the tasks of not only the 12th 5-Year Plan period were taken into account, but also the necessity of implementing the long-term economic policy of the party. In this connection, a course of accelerating the growth of capital investment was taken. In this way, the negative trends of decreasing the rates and absolute increment of capital investments which took place in the last decades, will be overcome. In the new 5-year plan, they will rise by 23.6 percent, and their absolute growth will reach R190 billion compared to R107 billion in the 11th 5-Year Plan. As a result the share allotted to accumulation in the national income will rise from 26 percent in 1985 to 27.6 percent in 1990. A fundamental issue in the formation of the 5-Year Plan and in the strengthening of its practicability and reliability, is the economic substantiation of the rhythm of the 5-year plan, and the determination of the stages of growth of the national economy year by year. We have learned a lesson from the mistakes of the past, when an increase in pace was applied to the last years of the 5-year plan, and thereby its fulfillment was placed in great doubt. In the new 5-year plan, this inadequacy has been overcome. It provides for an even increase in the pace of growth of all of the main indicators. No less important is the fact that such an optimal construction of the plan enables us to obtain in the course of 5 years a sum in national income which is R30 billion more than if the plan had been constructed on the old principles.

TASS on Ryzhkov Speech

LD180832 Moscow TASS in English 0805 GMT 18 Jun 86

[Text] Moscow June 18 TASS -- "The current five-year plan period (1986-1990) is to play a special role in the realisation of the strategy of accelerating the country's socio-economic development," said Nikolay Ryzhkov member of the Political Bureau of the CPSU Central Committee, chairman of the Council of Ministers of the USSR. He delivered a report on a draft five-year plan at the USSR Supreme Soviet session which began in the Kremlin today.

Describing the main indicators of the plan, the speaker said, that national income is to increase by 124,000 million roubles in the coming five years as against 79,000 million roubles in the past five-year period.

The application of advanced technologies in industry will grow by 50-100 per cent.

The plan envisages large-scale reconstruction on the country's re-equipment of the operating production plants will grow from 38 per cent in 1990.

The rate of increment in agricultural production is to increase by 160 per cent in five years' time.

Gross output of grain in 1990 was planned to be brought up to 250 million tons. The average annual production of meat is to grow by 2.8 million tons and of milk by nine million tons.

Nikolay Ryzhkov pointed out that the social directedness of the five-year plan was enhanced. In the few coming years it is planned to introduce newe, 25-30 per cent higher, basic wage rates and salaries for the workers of the material production sphere. Pay in the non-productive sphere will go up as well. Payments and benefits to the population from these funds will grow by 25 per cent.

The housing construction plan has been increased -- it is planned to build houses with an aggregate area of 595 million square metres. Requirements for accommodation at pre-school institutions will be fully met before 1990.

The report's section devoted to the development of foreign economic relations says that cooperation with the member countries of the Council for Mutual Economic Assistance (CMEA) will remain the core of the USSR'S foreign economic relations.

Provision is also made for necessary measures for a steady implementation of the CPSU's line towards wide cooperation with the developing countries, towards supporting their efforts in carrying out progressive social and economic transformations. "The principles in this field are invariable: equality and effective assistance to peoples who have embarked upon the road of gaining economic independence," the speaker stressed. The USSR, he said, is for a restructuring of the world economic order on a fair and democratic basis guaranteeing economic security for all countries -- big and small.

"We are also ready for most versatile, wide economic relations with developed capitalist countries on the basis of equality and mutual benefit. Of course, a resolute renunciation of any attempts at discrimination, and of various kinds of bans and restrictions is needed for that," said the head of the Soviet Government.

Gorbachev, Other Leaders Attend

LD180902 Moscow Domestic Service in Russian 1700 GMT 18 Jun 86

[Text] Large-scale tasks of the radical restructuring of the country's national economic progress are the center of attention at the 5th USSR Supreme Soviet session of the 11th convocation. It opened today in Moscow with a joint session of the Soviet of the Union and the Soviet of Nationalities.

The businesslike mood and the atmosphere of lofty exactingness and demandingness prevailing in the Great Kremlin Palace where the people's elected representatives assembled were determined by the decisions of the June CPSU Central Committee plenum which are directed at the implementation of the economic strategy of the party elaborated by the 27th CPSU Congress.

The deputies and guests greeted Comrades Gorbachev, Aliyev, Vorotnikov, Gromyko, Zaykov, Kunayev, Ligachev, Ryzhkov, Solomentsev, Shevardnadze, Scherbitskiy, Demichev, Dolgikh, Yelttsin, Slyunkov, Sokolov, Solovyev, Talyzin, Biryukova, Dobrynin, Zimyanin, Medvedev, Nikonov, Razumovskiy, Yakovlev, and Kapitonov with applause.

The session was opened by Comrade Talkunov, chairman of the Soviet of the Union of the USSR Supreme Soviet. The agenda of the session and the procedure for its work were unanimously approved. These questions have been submitted for discussion: Changes in the composition of the USSR Supreme Soviet Presidium; the state plan for the economic and social development of the USSR for the years 1986-1990; approving decrees by the USSR Supreme Soviet Presidium.

CENTRAL COMMITTEE ISSUES APPEAL ON PRODUCTIVITY

LD172144 Moscow Domestic Service in Russian 1500 GMT 17 Jun 86

["Appeal" issued by the CPSU Central Committee, entitled: "The 12th 5-Year Plan -- Inspired, Creative Work of the Soviet People"]

[Text] Dear comrades: Our country is at a sharp turning point. The 27th CPSU Congress faced the Soviet people with big and complex tasks. In all areas of society's life, we must move forward more rapidly, attain new heights. A decisive stage in implementing the party's strategic aims is the 12th 5-Year Plan. The June 1986 CPSU Central Committee Plenum approved the draft state plan for economic and social development of the USSR for 1986-90. With its confirmation by the USSR Supreme Soviet, the 5-year plan will become law. What do we expect from the present 5-year plan? What results are we counting on? We must break through the unfavorable tendencies in the development of the economy, give it great dynamism, raise rates of growth of production, obtain higher final results on the basis of accelerating scientific and technical progress, technical reequipment and reconstruction on the national economy, and intensively utilize the potential which has been created.

We must make a cardinal restructuring of the economic mechanism, create a flexible and effective system of control, allowing everywhere the ensuring of precise organization of the labor process, fuller utilization of the reserves and possibilities of socialism. We must implement pressing social programs, accelerate the development of the social and cultural sphere, considerably improve conditions of work and life of Soviet people, and achieve a further upsurge in national well-being.

In accomplishing these tasks in a complicated international situation, we are obliged at the same time to maintain at the necessary level the defense capacity of our state. As you see, comrades, the new 5-year plan in all areas of the development of the country will be a crucial one. The implementation of the plans that have been outlined will be possible only with intensive work by all Soviet people. To work conscientiously for the common good, to display initiative, to have a responsible attitude to the task one is entrusted with, and to show a businesslike concern for the interests of the state -- this is what is now required from everyone.

The CPSU Central Committee is appealing to you, comrades, communists and members of the Komsomol, workers and collective farmers, scientists and specialists, those active in culture and the arts, and to all working people extensively to unleash nationwide socialist competition for the successful implementation of the tasks of the 12th 5-Year Plan, to turn the bold plans and designs into the energy of practical deeds.

Today, the main aim of competition is to raise labor productivity, to improve the quality of production and to economize on resources. To use Lenin's words: It is necessary to produce better than before, cheaper than before, and more than before. The key question is the raising of labor productivity. The main way to solve this task is the acceleration of scientific-technical progress. The long-term action program in this decisive direction has been drawn up. Its implementation will allow the accomplishment of a new technical reconstruction of the national economy. But we have no right to wait. Right now it is important to raise considerably the level of work at every enterprise, at every job. There are quite extensive reserves literally at hand here. These consist of fuller loading of existing capacities -- machines, equipment and machine tools; ensuring a precise rhythm of production; strengthening delivery discipline, and a very strict regime of thrift; certification and rationalization of workplaces, improving the organization and provision of incentives for work; the active introduction of progressive experience; raising discipline and exactingness. The collectives of workers can be their own efforts do much to reduce the amount of manual labor, to mechanize and automate production.

Comrades: we will persistently raise labor productivity. Today that is one of the most important directions for working in the new way.

Competition is a powerful lever for raising the quality of output. One can say without exaggeration that in the struggle for high quality, competition and collective quests are genuinely unlimited. Unfortunately, the opportunities opened up by competition are far from being fully implemented. The present level of many items does not yet accord with modern requirements. And this gives rise to serious difficulties in all spheres of life.

By the joint efforts of workers and collective farmers, engineers and specialists, of the managers at all levels, we will ensure high quality, we will raise a barrier to any form of repetition of technical backwardness, drabness, lack of taste and substandard goods. Maintaining the good name of the works' trademark and anything that is made by workers' hands, the output of reliable, economical and necessary goods -- these are matters for the honor and conscience of every worker, the object of the professional and patriotic pride of Soviet people.

Our country is rich with fuel, power and mineral raw material resources. They are not limitless, however, and their costs are increasingly high. With that in view, the foundation for a radically new approach to meeting the needs of the economy in material resources has been laid within the 5-year plan. Whereas earlier, their growth was achieved through increasing extraction and production, it is now being achieved to a large extent through economization.

That is why it is of such importance today to consume raw and other materials as well as power sparingly and economically, to implement waste-free technologies in a more active way, to use financial resources with maximum efficiency, and to reduce production costs. He who economizes metal, fuel, timber and electric power better than others and takes good care of the people's property, will win the competition.

An efficient economy is inconceivable without firm plan and labor discipline, good organization, and order. Many know from their own experience what an expensive price must be paid for work in fits and starts, for failures to reach plan targets and to comply with contract deliveries, for shortages in the material and technical supply and for sloppiness on the part of individual workers. Or look at the way work time is used in some collectives, where much of it is wasted due to absenteeism, stoppages and "smoking" breaks. We still have workers who get their wages and sometimes even bonuses not so much for real work as for just turning up for work. In expanding competition, one should ensure strict adherence to its most significant commandment: Work time must be spent on work.

To improve the attitudes toward work in a production shop, at works, at a construction site, in a kolkhoz or sovkhoz, to decisively eradicate sporadic, rushed work, window-dressing and overreporting, to ensure smooth work collectively: These are pressing demands of our time. Competition and firm labor discipline are inseparable. Let each of its participants become an example of hard work, high morals and levels of organization. Soviet people do have good examples to follow. These are first and foremost the working guards of the country, front-rankers and innovators of production, and people of high professional skills, probing mind, bold creative search, who are actively civic minded. Being indefatigable fighters for everything new and front-rank, against the outdated and stagnant, they show in practice the meaning of living and working at the rate of acceleration today. Such people exist in all industries and in any collective. And it is very important for every innovative worker to have his followers, his school. Let the ranks of production front-rankers and innovators multiply rapidly in the course of the competition. Some valuable initiatives had been born at the outset of the current 5-year period.

A turn toward qualitative work indicators is outlined in the competition. Front-ranking collectives are setting the task of obtaining their entire increase in production volume through technical progress, the maximum loading of equipment, without an increase in consumption of raw materials and other materials and in numbers of workers. Precisely such an approach to competition is particularly necessary. Tens of thousands of workers have pledged to fulfill their plan for 2 years of the 5-year plan in labor productivity growth with a high production quality by the 70th anniversary of Great October. A movement is expanding to work 4 days this year without pay on the construction of housing, schools, hospitals, clubs, and sports installations. Such specific initiatives and actions are worthy of comprehensive support and of being widely adopted. In a word, the restructuring of competition has begun.

However, these are only the first steps. There are plenty of instances where, in equal conditions, not only individual workers but also whole collectives are working under different standards. Why are farms not obtaining an identical harvest from identical land? Why are some saving and some squandering the people's wealth? Why is one enterprise producing high quality items while another is wittingly dispatching faulty goods to the consumer? Why is it that people know where front-ranking experience is taking place but are not assimilating it? It is evident that much is not functioning in the machinery of competition. Unfortunately, the suggestions of the competition participants themselves are not everywhere being listened to on how work can be conducted better, what should be strengthened and what should be given up.

Only by relying on collective experience, only by supporting valuable ideas and new approaches is it possible, as Lenin said, to evoke both competition and spontaneous activity among the masses so that they will get to the matter immediately.

It must be said directly -- certain forms of competition have become outmoded and are not in keeping with the requirements of the time. Frequently it takes place as if of its own accord, out of touch with national efforts to transfer the economy onto an intensive course, to accelerate scientific-technological progress, to restructure the economic machinery, and to introduce widely collective forms of labor organization. There are still many carbon copy pledges, initiatives thought up in offices, and loud reports with very modest successes. Many pledges do not require particular intensity for fulfillment and are adopted without consideration of existing possibilities and reserves. All this devalues labor competition and transforms it into formality.

Purifying competition from the rust of formalism means returning inspiration to it, genuine competitiveness and energy without which man cannot reveal his skill and craftmanship to the full. The labor contribution made to the common cause by each collective and every worker depends in the final analysis upon both the growth of the economy and the raising of the standard of living. No one is entitled to hope that acceleration will take place automatically, of its own accord. High rates of economic growth and production efficiency must be fought for. They must be fought for persistently and consistently. This is what socialist competition should aim at. What we do, create, and build is what we will have, and that is how we will live. There is simply no other path to the creation of prosperity, to the fuller satisfaction of growing material and spiritual requirements.

The decisive factor in acceleration is our Soviet man and his attitude to the matter at hand. Competition must more boldly smash the canons that have come about; it must not replace lively work with people with the collection of information on paper; it must eliminate the practice of secret summing up of work results and it must open up room for the manifestation of the creative initiative of each worker. Objective comparison of the results of economic management, through effective generalization and introduction of progressive experience, through comradely cooperation and mutual assistance. Final results and not interim indicators -- that is the criterion of real competition.

The country and the state need real plants and factories, brought into service on time, houses and schools, shops and cinemas, reliable transportation, a harvest that has been gathered in and preserved, and high-quality consumer goods.

It is very important that the whole system of moral and material incentive be based on practical results achieved in competition and the principle of social justice. It is inadmissible that among competition winners there be those who, having at their disposal larger reserves and better conditions, only give the appearance of active work, but who in fact have been marking time. In drawing up competition results, all participants should be kept in sight. Socialist competition itself should be an antidote against various manifestations of immorality, doctoring the books, narrow departmental interests, and giving undue priority to local interests.

Comrades, the CPSU Central Committee is counting on the working class, workers of the agro-industrial complex, engineering and technical cadres, the intelligentsia and all participants in the competition for the fulfillment and overfulfillment of the 12th 5-Year Plan targets, showing a high degree of creative activity, and giving their work in the acceleration of the country's social and economic development a concrete and weighty content. The party is confident that the heroic working class will as ever be in the vanguard of the nationwide socialist competition. Its high degree of awareness and organization, labor and political activity, intolerance to phenomena alien to the Soviet way of life, are a reliable guarantee of our progress. A sharp increase in labor productivity, world-class products of highest quality and reliablity, a reduction of material and power consumption in production and complete autonomy -- these are today's guidelines for workers' collectives.

Working people of the countryside and of the whole agro-industrial complex in the new conditions of economic management are called upon to increase their efforts to implement the Food Program. Their competition slogan is to ensure the complete provision of food to the country in a short period of time. The better the work of the kolkhozes and sovkhozes, enterprises' subsidiary plots and all links of the agro-industrial complex, the richer the shelves in shops and markets will be, and the more milk, meat, vegetables, and other produce will be received by the population.

The country is waiting for new discoveries and inventions, progressive planning decisions and design developments from scientists, designers and engineers, which will make it possible to cardinally increase labor productivity, to improve the quality of goods and to economize resources. Through the joint efforts of workers in science and production, we will accelerate the introduction into practice of leading achievements of scientific-technical thought.

The task of all workers connected with providing services to the population is to satisfy people's needs for various services more fully and with a high degree of quality, develop up-to-date types of such services, and raise the standards of their labor. This is what determines the meaning of competition in the non-production sphere. The mood and, in the final analysis, Soviet people's labor performance largely depend on how shops and canteens, workshops and studios, health centers and hospitals, public transportation and communications' enterprises and the rest and leisure industry, work.

The CPSU Central Committee calls on all Communists to be in the front ranks of those competing, to inspire people by personal example to the fulfillment of tasks of the 5-year plan. This is the duty and obligation of every party member.

Dear comrades, the 12th 5-Year Plan is gathering momentum and scale. The foundations of the great work to be done has been laid. There is a mass of matters ahead -- large-scale, interesting, crucial matters. The main thing today is not to lose time, to step up the rates of progress, to eliminate shortcomings in the work of sectors of the national economy, of associations and enterprises, of kolkozes and sovkhozes in the midst of the summer heat, just as during the frosts of winter, to achieve the absolute fulfillment of the planned targets for 1986.

The first year of the 5-year plan is a practical test for all labor collectives, a checkup on how the restructuring is taking place in practice, how deeply its ideas have been accepted, and how they are being implemented. To pass this exam means laying the foundation for success of the whole 5-year plan. An important landmark of the advance of the Soviet state along the path of economic and social progress will be the 70th anniversary of the Great October Socialist Revolution.

There are no doubts that the Soviet people will greet this glorious date with new successes in work and improvements in all aspects of life in our society. The CPSU Central Committee appeals to every Soviet working person, wherever he works, to stand in the ranks of participants of all-union socialist competition, to be an active fighter on the labor front of the 5-year plan and in one's own work place to make a worthwhile personal contribution to the common cause. We will work in such a way the Soviet people will have a richer life materially and spiritually, that the economy of the country will steadfastly strengthen and its defense shield will be firm. Each success we have along the path outlined by the 27th party congress is a new step in strengthening the positions of socialism and of peace on earth.